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**AN ANALYSIS AND SYNTHESIS OF
COMMUNITY BUSINESS
IN THAILAND**

By

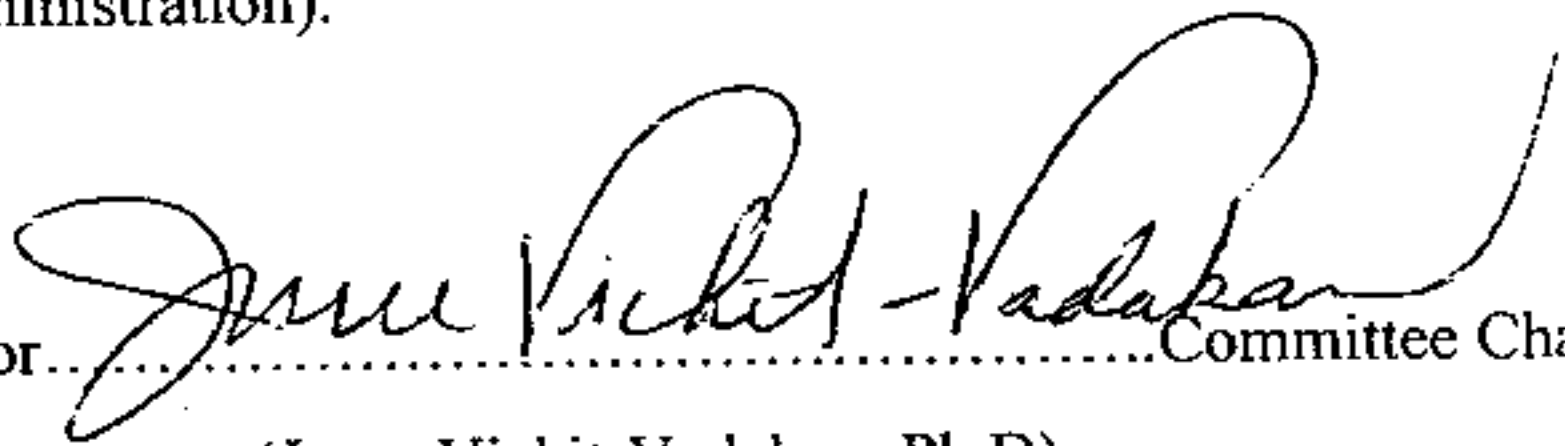
Kanokkan Anukansai

**A Dissertation Submitted in Partial Fulfillment of the Requirements
for the Degree of
Doctor of Philosophy (Development Administration)
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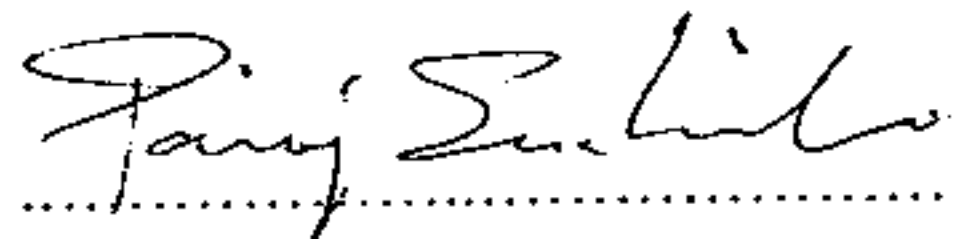
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Partial Fulfillment of The Requirements for The Degree of Doctor of Philosophy
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ABSTRACT

Title of Dissertation : An Analysis and Synthesis of Community Business
in Thailand
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Community business as one of the alternative models of development has gained importance and recognition in Thailand especially since the economic crisis hit Thailand in 1997. While public agencies, NGOs and POs struggle to work with it, many community businesses have been in operation for a long time with diverse characteristics and different degrees of success.

The study on analysis and synthesis of community business in Thailand was directed towards the following objectives: 1) to understand the diversity of forms and structures of community business, 2) to understand its nature and characteristics, 3) to examine its capabilities and potentials, and 4) to identify factors which contribute to its formation and manifestation.

The research methodology using here was mainly qualitative by selecting three different case studies based on who and how they were initiated: 1) locally initiated community business: whose objectives were determined by the local villagers themselves with little or no outside involvement (the Maireang community business in Nakornsrithammaraj province in the south), 2) jointly initiated community business: whose objectives were determined by local villagers with significant involvement from outsiders (the Huasamrong community business in Lopburi in the central plain), and 3) the externally initiated community business, whose objectives were determined by outsiders (Nongwah community business in Chachoengsao in the east).

From research in three cases of community business, the dissertation found that there are similarities as well as differences among them. Maireang started out a business dealing with processing rubber latex. Its members had engaged in cooperative labor exchange before getting together in this business. Working and learning through trials and errors, the group's solidarity and cohesiveness are strong. After its own initiative and some success, external intervention in the form of assistance and support came from both state and non-state organizations, which led to its gradual expansion and diversification, both in terms of network formation and types of business engagement.

Huasmrong community business was initiated by outsiders in collaboration with the local villagers. The type of business was processed food and herbal supplement. Structure and organization of the groups are informal and small. The main objectives of working together was to enhance mutual assistance and civic participation. Although earned income was a welcomed addition to members of the group, operation of the business is not based on modern business management system and style. Villagers have not yet to see profit making as the prime objective of their business venture.

The Nongwah group did not start out as a community business. Villagers worked as hog and poultry farmers for a large company. In essence, they were like contract farmers to the company. As the group accumulated savings, skills and experience, the members began to cooperate as membership based community business owners. However, business and investment decisions and strategies are left to professional managers.

Similarities found among the cases are: 1) Necessary conditions which are crucial to the functioning of community business. They include government policy, vision, capacity, commitment and honesty of leaders, business management skills and utilization of catalysts. 2) Enhanced conditions are indigenous social capital, learning, knowledge creation, networks and linkages, and grassroots participation.

Problems associated with community business are: inefficient management of organization and business, over-reliance and dependence on leaders and outsiders which impede self-reliance in managing affairs and a tendency towards malpractices.

Recommendations have been made in accordance with those dominant features of CBOs found in the three case studies were: First, to overcome inefficiency by providing business development services, such as training, business consultations, business information, financial support, and marketing services. In addition, effectiveness could be reached through internal resource mobilization, leadership development, participation, and formulating rules and regulations. Second, to avoid subordination of the leaders and the outsiders by creating mutual linkages through participatory techniques, such as increasing internal resource mobilization, raising local people's consciousness regarding their well-being. Lastly, confronting malpractices could be made through social control, participation, simplification of procedures, transparency building through providing information and external audits.

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Chapter 1

Introduction

The supreme touchstone of development is whether people who were previously treated as mere objects, known acted upon, can now actively know and act upon, thereby becoming subjects of their own social destiny (Freire, 1970. Quoted in Goulet, 1989: 1)

This chapter is the beginning of the study. It reveals background of the study which includes statements of problems and the objectives of the study. Then, it clarifies research questions, benefits of the study and its scope and limitations.

1. 1 Phenomena and Problems

Economic growth has been viewed as a major development strategy for developing countries for decades (Todaro, 1982: 87-95). Although, the GNP of many developing countries has increased considerably, the majority of people who are living in rural areas are still deprived of enjoying the fruits of development. (World Bank, 1991: 24)

Thailand is no exception. A growth-oriented strategy has been adopted as a major strategy for development in Thailand for almost four decades since the first national development plan in 1961. Policy planners and technocrats have always cited the impressive growth rate as a significance of Thai abundance, progress and achievement. Particularly during the economic boom from 1987-1990, the average growth rate was approximately 11.2 percent (National Economic and Social Development Board, 2001: 1). Thailand was perceived as the so-called "*the Fifth Tiger of Asia*," the latest member of the New Industrialized Countries (NICs) in Asia after Taiwan, Hong-Kong, Singapore and Korea (Muscat, 1994: 4), and also one of the top ten countries that contained the highest growth rate of economic development (World Bank, 1991: 7).

However, an excessive high economic growth rate was not healthy for Thai society as a whole. The national development plans with their emphasis on growth favoring urban sector while decreasing the importance of agricultural and rural sector, brought the rural community into bankruptcy (Rangsan et al., 1999: 117). The phenomenon of development in favor of growth and the urban bias is also shown in the income figures in the regions. During the past ten years, about 50 percent of the whole income of the country was in Bangkok and its vicinities (NESDB, 2000: 2).

Regional disparities are also reflected in the survey data of household income. In 1999, for instance, an average per capita income in Bangkok was more than four times larger than that of the Northeast region (World Bank, 2001: vii).

Income disparities have widened among different groups of people in the urban areas, between urban and rural areas and between metropolitan Bangkok and other regions. As seen from table 1-1, distribution of income has worsened considerably along a period of time. The share of income of the poorest quintile has dropped from 5.4 in 1981 to 4.2 percent in 1998, while that of the richest quintile has increased from 51.5 to 56.5 percent during the same period. In other words, the fruits of development have not trickled down to the grass roots of the country. Development has resulted in that *"the rich got richer and the poor got poorer"*.

Table 1-1 Quintile Distribution of Income (Unit: Percent)

Quintile	1981	1988	1990	1992	1994	1998
Quintile 1 (the poorest)	5.4	4.6	4.2	3.9	4.0	4.2
Quintile 2	9.1	8.1	7.4	7.0	7.2	7.6
Quintile 3	13.4	12.5	11.5	11.1	11.6	11.9
Quintile 4	20.6	20.6	19.3	18.9	19.9	19.8
Quintile 5 (the richest)	51.5	54.2	57.7	59.0	56.7	56.5

Source: National Economic and Social Development Board. (NESDB). 2000. **Thailand Development Indicators 1990-1999**. Paper Proceeded in National Conference on "Vision and Directions for the Ninth Plan" 10 May 2000. Bangkok: Bangkok Convention Center. (In Thai)

Additionally, as a result of the disparity in income between rural and urban areas, many problems have emerged such as landlessness, degradation of natural resources and the environment, huge migration from rural to urban areas, unemployment and other social problems (NESDB, 1997; Pasuk & Baker, 1995; and Preecha et al., 1994).

In addition, growth itself is no longer sustainable as obviously seen from the recent economic downturn since 1997. Economic growth has rapidly declined from 11.2 percent in 1990 to -1.7 percent in 1997 and -10.2 in 1998 (NESDB, 2001: 1). The current economic downturn has strong impacts on Thai society. Many companies have had to downsize to reduce costs. Others have had to shut down. All of this has resulted in massive lay-offs of skilled and unskilled as well as white-collar workers, including the bankruptcy of the entrepreneurs. Unemployment is currently at its highest. About 1.4 million people lost their jobs (NESDB, 2000: 11-12) who are the main source of family income. At the same time, costs of living in both rural and urban area have been increasing. As a result, economic hardships have doubled the pressure on people's lives. People have suffered from stress in the family, lack of purchasing power, debts crisis and etc. (Vittayakorn, 1997: B4)

Those chronic problems from growth strategy as well as immediate problems emerging from the economic turmoil as mentioned earlier have obviously indicated some mistakes in our development path. Development, which emphasizes only growth at the top without strengthening the bottom or the grass roots, is not sustainable.

When it became clear that economic growth alone would not solve the problems, some scholars and activists have called for new alternatives for development. Some did so even before the economic crisis. The paradigm shift from growth oriented to alternative ways of development have been discussed and considered seriously. Attention has turned to development strategies that benefited local people in the rural sector and local organization have been considered as a plausible means for achieving sustainable development.

Actually, the strengthening of local organizations has accounted for rural development around the world for more than two decades (Uphoff and Esman, 1984: 18). It is claimed that:

hardship since there were many laid-off employees from urban companies and factories.

The increased interest in local organizations has come about for many reasons. Most importantly, the drive for a bottom-up approach comes from major lessons learned from development in the past and particularly after the economic turmoil in 1997 that a growth only strategy is not sustainable. Then, a new holistic development model focusing on developing the capabilities of local people to better meet their own needs through local action have come into existence. The approaches have come to be known as, for examples, Community Culture, Self Reliance, Buddhist Economy, Agricultural Buddhism, New Theory, Community Economy, Self-sufficient Economy, Strong Community, Social Capital as well as Community Business. (Kanchana & Kanoksak, 1986; Prawase, 1987, 1991; Seri, 1989; Pittaya, 1990; Preecha et al., 1994; Mongkol, 1998; Anek, 1998; Rangsan, 1998 and Sapon, 1998).

Among other alternative concepts mentioned earlier, *community business* has been mentioned frequently as an alternative strategy for development as well as a tool for combating the current economic crisis (Prateep, n.d.; Pittaya, 1998; and Narong, 1998). It has been regarded as an alternative development strategy for rural development because community business has included a range of activities concerning the increase of income and productivity as well as the strengthening of the community through local organizations (Paiboon, 1997: 11; Anek, 1998: 15).

With respect to local organizations, community business could be generally described as locally based membership organizations that operate business activities. The organization has collectively owned, controlled and managed those activities. Benefits have been distributed to members and the community. Additionally, in engaging in these collective actions, members of community business organizations must collectively share any risk that could occur from business operations.

There are four arguments for supporting community business. They are: (1) it allows the community to create jobs to tackle local needs and provide local services; (2) it enables the community to exert more influence over their own destiny; (3) it provides a local and accessible route into training and skills development for people; and (4) it provides a channel for drawing external resources into an area. (Dabson, 1990: 103)

In Thailand, government agencies, NGOs and scholars have encouraged community business extensively. One example is this following passage from the eighth national development plan (1997-2001): (Parichart, 1998: 12)

Community business is a crucial instrument to enhance and assist in the building of strong and self reliant communities

As a result of extensive efforts, there is diversity of practices or activities, which are called "*community business*". Many scholars, activists, government agencies and also people themselves have contributed to the implementation of community business. Here are few examples of a wide range of activities, types and formation:

- **Ta-nang-naew cooperative in Khonkaen province in the Northeastern Thailand.** This cooperative began with a gathering of people who raise cattle, and now their business involves a butcher shop, grocery store and gas station. (Tiab, 1998)
- **Community owned gas station.** Bangchak Petroleum Public Co. has promoted the establishment of community owned gas stations. Local people's organizations own and control this business under the company's assistance. Recently, there are 450 gas stations in 70 provinces. (Sopon, 1998)
- **Other local people organizations in which their activities have aimed at business activities such as savings groups, community stores, weaving groups, housewife groups and etc.** Those groups have been supported and facilitated by government agencies particularly the Department of Community Development under the Ministry of the Interior and NGOs. (Narong, 1998a)
- **Local people's company.** There are at least three companies in Thailand, which have been owned and controlled by community organizations, (1) Uthaiyosakij Co.Ltd. rice mill at Yasothorn province in northeastern Thailand; (2) Hua Sai Co. Ltd., chili exporter at Nakornsrihammaraj province in southern Thailand. (Narong, 1998a); and (3) Food Products

Products Network Co. Ltd., rice noodle plant at Nakornsrihammaraj.
(Jaimanus, 1997)

These community business organizations are differ from one another in their formation and manifestation. Different approaches, i.e. top down and bottom up, are employed by different agencies under different contexts. For instance, cooperatives have been organized by top down approaches under bureaucratic mechanisms. While Phraepan Group, the weaving group in the northeast of Thailand was established and facilitated by NGOs with a bottom up approach. Nangrong cooperatives in Buriram province in the northeastern Thailand have been supported by big NGOs who organize the companies to work in the rural area.

Among these varieties of community businesses, a clear concept of community business should be developed from the ground. Such questions about characteristics, ownership, size, forms, structure, initiatives, benefit distribution, utilization of funds, etc., need to be raised and answered. The prerequisite characteristics of community business organization should be analyzed. The uniformity and diversity of community businesses should be identified. Also, the success and failure stories should be studied and analyzed on a case basis in order to understand the criteria and conditions of their success and to avoid repeated mistakes.

Based on the literature review as well as on primary observations and discussions with some experts, the community business concept in Thailand is still unclear. Even though there is some degree of agreement upon its meaning, some curious issues concerning community business need to be raised in order to achieve greater clarity.

First of all, since community business practices in Thailand as seen from the few examples above vary in activities, objectives, types and form. Therefore, major commonalties of community businesses, such as size, pattern of relations among members and the nature of ownership should be identified in order to develop some major criteria for the so called "*community business organization (CBO)*".

Second, there is a requirement to reach a comprehensive understanding of the variety of the nature and characteristics of CBOs, such as group formation, activities, roles, structure, sources of funding, and their interaction with external agencies. Both

uniformity and diversity of these kinds should be categorized and analyzed systematically.

Third, factors or conditions contributing to the operation of community business should be explored and analyzed. The success story should also be studied through deep analysis. Even though, the researcher does realize that some success cases are seldom easily replicable in other contexts, understanding what is going on in different cases under different contexts would provide some valuable models, which could be applied in other places with similar conditions. The same with troubled cases. Failures need to be understood and analyzed to avoid repeating mistakes.

Issues mentioned above remind us to seek both the theoretical implications and practical answers for community business in the Thai context. A systematic and intensive study of community business in Thailand is urgently needed in order to accumulate knowledge and to serve the practice in pursuing the goal of the development of the society.

1.2 Objectives of the Study

This study is directed towards the following objectives:

- 1) To understand the diversity of forms, structures and patterns of community business in Thailand.
- 2) To study and to categorize community business organizations.
- 3) To examine the capabilities and potential of community business organizations.
- 4) To investigate and identify factors which contribute to the operation of community business.

1.3 Research Questions

In order to achieve the objectives of the study, the following research questions are addressed:

- 1) What is the meaning of community business in the Thai context and how is community business different from regular businesses? What is its primary objective? Should it make a profit or contribute to the strengthening of the community?

- 2) What are the common factors suggested for a classification of community business in Thailand? How many types of community businesses are identified?
- 3) How was each type of community business formed and embedded into its environment in what context, what conditions and by what process?
- 4) What are the major factors determining actual capabilities of each type of CBOs?
- 5) If community businesses were considered successful in Thailand, what are their characteristics? What are the factors and conditions, which contribute to success?
- 6) Same with troubled cases, what are their characteristics? What are factors and conditions, which relate to the failures?
- 7) What are the major constraints for the operation of community business in Thailand? What action should be induced in order to reduce these constraints?

1.4 Scope of the Study

The study focuses on community business undertaken in the rural areas of Thailand, which existed at the time of the study. Additionally, since community business includes a wide range of business activities from agriculture, industry and commerce. In this study, because of the limitations of time and budget as well as the nature of differences between the characteristics of financial business and production enterprises, attention is focused on production units only. Therefore, financial businesses such as savings groups and village banks are excluded from the universe of this study.

Additionally, when looking at the rural areas of Thailand, one sees numerous local organizations undertaking community business activities across the country. There is no way one could undertake a systematic sampling of the universe of community business organizations because no complete inventory has ever been done. No government or private agency has a completed database or directory of community business organizations. Therefore, the study goes through bibliographies, journals and books on the subject of community business to look for them. Also a list of community business organizations across the country is advised by experts, drawn from practitioners, policy makers and academics as well as documents. Community

business organizations named in this list are the universe of the study. And a limited number of case studies will be selected according to their differences.

1.5 Benefits of the Study

Policy makers and planners often design policies with little theoretical justification. Meanwhile, academic work can spin off under its momentum, reflecting little of empirical world. But this study will contribute to building more effective bridges between the theoretical and the empirical ground. Lacking guidance from concepts and theory, all practices may lose their ways. A study based on real phenomena will build a body of knowledge concerning community business in the Thai context which will in turn provide a compass for its application in policy practices. The uniformity or diversity of the findings of this study will contribute to a further understanding and a knowledge base about community business in Thailand. The study will augment knowledge concerning theoretical literature in both community business in the Thai context and the collective actions of grass-roots people. Theoretically, this study will offer rich insights into the potential for generating collective actions at the grass roots level. Additionally, it will lead to an important contribution in the identification of problems warranting further research.

Also, this study will yield important results for policy makers in providing policy guidelines. It is expected that these findings could have implication for policy practices. Which kinds of community business and under what conditions are they likely to be successful? These are questions that must be answered by that designing and implementing community development.

Most importantly, the understanding derived from this study will contribute some prompted guidelines for action. A model of the successful community business found in one case could be replicated in another case with similar conditions. Therefore, instead of working trial and error or on a routine basis, the practitioners will proceed directly to the primary factors. However, the study will not attempt to provide "*recipes*" for community business development, rather it is an effort to sketch some important terrain. In this sense, to know what is important is like a shortcut for practice with an accurate compass.

1.6 Limitations

There is a general limitation imposed by the scope of the study. Since the size of the universe of community business organizations in Thailand is not known, in order to maintain a manageable study, the universe of the study is determined by experts' recognition and documentation through a mapping exercise.

In addition, to acquire a vast amount of rich and insightful data concerning community business, the number of case studies must be limited. The cases presented here are selected to reflect the diversity and breadth of community business in Thai society. All cases chosen are diversified in terms of size, form, level of development, business activity, initiatives and location. However, under the limits of time and budget, it is not possible to choose all cases, which cover and represent every type of diversity. At least, the cases will sketch and color the pictures community business in Thailand.

This study is not meant to evaluate or assess performance of community business organization. Rather, it is the purposes of this study to determine all relevant important attributes of community business and to find out patterns of interaction among those attributes. Both the successes and failures will be learned from each case study.

Additionally, the study is not meant to be comparative. Since comparing among them risks the problem of comparing between apples and oranges. Different community business organizations are located in different contexts. Rather, the study is an attempt to yield overall understanding of community business in Thailand by identifying critical factors among them and a specific set of factors in each case.

1.7 Organization of the Study

The study is organized into seven chapters:

Chapter 1 reveals the background of the study, objectives, research questions, benefits, scope and limitations.

Chapter 2 deals with concepts and theoretical considerations concerning community business. The review basically sheds light on the concept of community business. It includes the origin and evolution of community business thoughts and

practices in Thailand, which covers the continuum of thoughts and practices during the past half century. It begins with the pioneer thoughts before the emergence of the national economic and social development plan continues to the extensive efforts after economic crisis. At the end of the chapter, an analytical framework for the study is presented.

Chapter 3 demonstrates the research methodology used in the study that mainly covers the discussion on qualitative and quantitative methodology, research design, data collection and data analysis. To justify the selection of the case studies, a broad picture of community business in Thailand is presented through mapping exercise. The variety of types and the tasks of community business is categorized and analyzed systematically.

Complementary to the mapping exercise, is the empirical part of three case studies contained in Chapter 4 where I examine three specific cases of community business. The three case studies provide in-depth analyses. The three cases chosen here reflect both long-enduring and new born community business organizations comprised of locally initiated community business organization (Maireang community, Nakornsrihammaraj province), a private sector initiated community business organization (Nongwah community, Chacheangsoa province) and a development agent initiated community business organization (Huasamrong community, Lopburi province). At the end of chapter, I consider what can be learned from each case and address the model of each case that will contribute towards the better understanding of community business in Thailand.

An analysis and synthesis from the three cases are made in Chapter 5. I pull together the theoretical reflections on the findings in Chapter 4 and analyze the features of community business in Thailand in terms of the nature and conditions to their formation and manifestation.

Subsequently, in Chapter 6, I attempt to generalize from the findings in the case studies by using the survey methodology as presented here. It describes characteristics of community business organizations as well as their needs and problems.

Chapter 7, the last chapter presents conclusion by creating the diversity of community business in Thailand, including an analysis of prospective potentials of community business, common vulnerabilities of community business organizations and the implications for policy practices. Some practical recommendations for remedies and further studies are also made at the end of chapter.

Chapter 2

Review of Literature

In the study of community business in Thailand, the concept of community business, local organizations and the approach for the study are reviewed. First, the review examines the concept of community business and the various uses and definitions of the term. The review also continues with an examination of reports on the actual cases in different countries. This examination provides the basis for the operational definition of community business, which is used in this study. Next, since community business has been operated in Thailand for years, the evolution of its thoughts and practices are studied. In addition, the study reviews the requisites for successful community business from some studies of local organization and community business organizations. Finally, the review applies institutional approaches for analysis. Consideration of these concepts and approaches will provide a framework for the study.

2.1 Definitions and Concepts of Community Business

2.1.1 What Community Business Is

There is a large body of definitions and meanings of community business provided by practitioners, policy makers and academics. The review here examines these definitions. Then based on the literature, an attempt to distinguish special features of community business is made in order to provide a general meaning for this study.

Davies (1990: 109) mentions community business as an approach which develops rapidly in Scotland as a process for fostering economic regeneration from the bottom up. He infers the standard definition of “community business” as:

A trading organization which is set up, owned and controlled by the local community and which aims to create ultimately self-supporting jobs for local people, and to be a focus for local development. Any profits made from its business activities go either to create more employment, or to provide local services or to assist other schemes of community benefits.

Clark (1997. Quoted in Carter and Parkinson, 1998: 18) identifies community businesses as a model for community economic development (CED). It is commercially community-based economic initiatives which trade in services and goods, largely to community members.

Community Initiatives Development Organization (1999: 1) points out three essentials for a community business:-

- 1) It must be a real business – an organization that trades in one way or another. It may make and sell goods; or it may be a shop; or it may sell services such as gardening or painting and decorating; or it may be a credit union.
- 2) The business must be owned and controlled by the community in some way.
- 3) The business must benefit the community. This may be through the trading activity itself, through providing local employment, or because the profits from the business are used to help the area.

What follows are a few examples of community business in the UK:

- A group of villagers starts a grocery store on behalf of the community. The store provides employment for community members.
- Many people in the community find banks and other financial institutions intimidating and inflexible when it comes to saving or borrowing money. In many places, the answer has been the formation of a credit union- a financial co-operative that offers savings and low interest loan service to its members.
- A local group owns and manages a building as a community business. A cinema has been opened and the building is being made available to a number of community organizations.

- Some ventures are established in order to help disadvantaged sections of the community. One community has run a small metal plant and employed people with disabilities.
- One community saw the need to help unemployed women. It established catering business and created jobs for those women.

Nares and others (1998: 26) identify community business as a community development approach through non-traditional business mechanisms. It operates as a business, which intends to be self-sufficient eventually. The strategy emphasizes social and business principles through development of group initiatives and collaboration. Some of key differences between community business and self-employment are mentioned in the following table. (See table 2-1)

Table 2-1 Comparison of Self-employment and Community Business

Self-employment	Community Business
Self-employment is geared to support participants in competing directly in the mainstream economy.	Support people's re-entry into the work force through non-traditional business mechanisms
Emphasizes business and social principles through development of individual businesses.	Emphasizes social and business principles through development of group initiatives.
Focuses on integrated capacity building of individuals.	Focuses on incubation and capacity building of the business.
Relies on participant self-directedness.	Various management structures evolve from hierarchical to collective to cooperatives.
Promotes community development through networking and collaboration for business purposes.	Promotes community development through organizing for collaboration.

Source: Nares, Peter, Harold, Jennifer, and Murray, Janet. 1998. **A Conceptual Framework and Toolkit for Assessing the Long and Short Term Impact of Trillium-Funded Activities.** Toronto: The Trillium Foundation: 27.

Parichart Walaisatien (1997: 11) in her study of the current status of knowledge concerning community business in Thailand mentions that community business includes those business activities, which are owned by local organizations in the community. The activities involve the cooperation among members in the local

organization and also other alliances for production, transformation, trade and service in the pursuit of community economic development. She also points out that some features of community business are similar to small-scale businesses i.e. size, and management style.

Isan Community Development Foundation (1995: 7) divides community business into three main components:

- 1) production and transformation of local resources, which is much concerned with environment conservation,
- 2) trading and exchange of services by community organizations
- 3) conducting business activities and their benefits are distributed among members and reinvested for community development.

Jaimanus Ploydee (1997: 18) concludes defining of community business as activities operated by utilizing local resources. The activities are symbiotic interactions among people in the community. It emerged from the gathering of local people in the community. Its aim is to encourage member to participate in the decision making process in every step of business functions from production to distribution.

Tiab Boasuwan (1998: 14) briefly defines community business as the gathering of local people in the community who aim to organize business organizations, such as farmers' group and cooperatives. The business aims at community development in which local people cooperate in production management, transformation and marketing.

Dilok Sarawatee (1997: 149) refers to the definition of community businesses given by participants in the Workshop of Strategies for Community Business. Community business includes groups or cooperatives or any other form of people organization no matter what its legal registration. It is the voluntary action of a group in undertaking business activities collectively, having common objectives and ideology, participating in investment and management and collectively receiving benefits.

Kanchana Kaothep (1997: 46) signifies major characteristics of community business in which the public are the shares holders and the owners are also the workers. Similar to other businesses, community business aims to seek profits.

However, profits are not the only main goal. In addition are other social goals, such as human development and environment conservation.

The Northeastern NGO Coordinating Committee for Development (1996: 109) defines community business as an alternative strategy for development. It is a group of villagers who has undertaken business ventures together in order to reduce limitations occurring from doing business individually. Since there are many required input factors such as knowledge, capital, skills and information, by pooling those factors collectively, community business would be more effective. In addition, it can increase the bargaining power of local organizations in interacting with external groups, such as middle man and state agencies.

Kwansruang Atthipo (1995: 44) provides a definition of community business as a collective group of local people in the communities, such as agricultural groups, cooperatives and small-scale business enterprises in rural areas, which have operated business activities for community development.

In the training of business skills for non-government organizations and people's organizations organized by the Center for Philanthropy and Civil Society, National Institute of Development Administration (NIDA), Wanchai Kuprasert (1998: 3) defines community business as a set of activities undertaken by a group of people in the same neighborhood, which aims to generate income and profits.

Setha-Siam (1997: 24) refers to community business as the production or trading activities of communities aiming at generating profits, but not only pursuing self-sufficiency.

Siriporn Yodkamolsart (1998: 188)'s definition of community business is the investment of the community in trading and production activities for earning profits for the community itself. The community must own and control factors of production.

Narong Petchprasert (1998a: 7) considers community business under the framework of neo-classical and political-economy thoughts. Since local communities have inevitably accepted the invasion of capitalism, they should adapt and adjust themselves to the capitalist mode of production as well as should seeking benefits from capitalism. Then, collectively the community could compete in the capitalist mode.

In Narong's perspectives (1998a: 40), community business is determined by the ownership and objectives i.e. the majority of the means of production has to

the members of the community and the business has to have as its objectives increasing both the income and quality of life.

In his latest study on community business in Thailand, Rangsan Pitipanya et al. (1999: 2) defines community business as businesses which belong to the community. People in the community collectively own businesses, contribute ideas, undertake activities and share responsibility. In this sense, community business is considered different from private business in terms of ownership, management power and benefit sharing.

2.1.1 Community Business: Examples of Experiences from Abroad

What follows are three brief description of community business from abroad. Two are from the U.K. The other is about native Americans in the U.S.

2.1.1.1 The Case of Barrowfield, Scotland

Dabson (1990: 101-108) illustrates the case of Barrowfield, which is a peripheral public sector housing estate in Glasgow, Scotland with a population of approximately 2500. Unemployment reached 80 percent in the late 1970s and the Barrowfield community was heavily dependent on social security and welfare benefits.

The local community decided to take matters into its own hands. They decided that the concept of community business both suited their ideas of community control and offered the structure for promoting economic development. By August 1985, the Barrowfield Community Business Co. Ltd. was established -- a local authority controlled company where a local authority is formally in a position to require the company to behave as it wishes through, for example, being a majority shareholder or controlling the composition of the board of directors.

The company is a trading company, which provides security patrol, janitor services, welding, landscaping and a painting service. It has won contracts from local companies and government agencies. The company built up a turnover of 1.2 million pounds-sterling and employed 300 local people. The benefits of the company are not only economic. The appearance of Barrowfield, the town, has changed for the better. The firm has also contributed to the community's welfare.

2.1.2.2 Arts Factory, Rhondda, South Wales

The story shown in Social Enterprise (1999) illustrates the Arts Factory which is a company limited. It is locally driven, locally controlled and locally owned, which seeks to regenerate the economic, social and environmental sectors of the local community.

Earlier the Rhonda Valley had experienced severe economic and social hardship because of the closure of the coal mining industry in the 1980s. The present project was started in 1990 by a group of local people, who came together to increase the range of work opportunities. They organized the Art Factory in order to regenerate the economy in their communities in the Rhondda Valley.

The company manages five teams –Public Art, Pottery, Garden Center, and two woodcraft workshops. Each team has produced and sold their products. In 1997, over 114,000 pounds-sterling of the company's income comes from the sale of products and services. Surplus generated by the community business is used to fund community development programs.

2.1.2.3 Native American Gaming

Native Americans, are the smallest minority in the US. After years of failed development programs, their reservations are among the poorest communities in the United States. For instance, Shannon County Oglala Sioux Reservation in South Dakota is ranked the lowest in the US. Native American unemployment is six times that of the national average. Health, education and income statistics are among the worst in the country. (National Indian Gaming Association, 1999)

Native American Casinos have become the industry that tribal governments are using to overturn 150 years of neglect of them by the Federal Government. The operating of Casinos holds some hope for reducing poverty. As of February 1997, the National Indian Gaming Commission reported that there were 115 tribes with gambling operations in 24 states. Revenues from gambling operations exceeded 29.9 billion US dollars nationwide, a volume that ranks 19th on the Forbes Sales 500. The profits from these operations then are returned to fund government tribal programs. (NIGA, 1999)

Revenue from Indian casino operations provides a means for self sufficiency among Tribal Nations and are also creating jobs and other economic activities. Indian Nations are utilizing the profits to pay off costs as well as to build self sufficiency and a government infrastructure on the reservations. Tribes are also using gaming profits to fund social service programs, scholarships, health care clinic and housing.

2.1.3 Conceptualization of Community Business

Even though none of the definitions of "*community business*" given above clarifies the meaning of "*community*", obviously the term refers the arena of actions. However, community does not have one single meaning but many. Willmott (1986. Quoted in Crow and Allan, 1994: 3-4) suggests that basically "*community*" refers to people having something in common. The shared elements can be identified as first, the "*territorial community*" or "*place community*", which is the common elements of physical location or geographical condition. Second, the "*interest community*" refers to such common interests or values as ethnic, religious, occupational or leisure pursuits. Third, the "*community of attachment*" refers to people's spirit of community, which involves the interaction among people. However, these three contexts, he points out, may overlap in some cases but the distinctions will assist in the analysis.

A similar conclusion to Willmott's classification of community is arrived at by Lee and Newsby (1983. Quoted in Crow and Allan, 1994: 4-5). Lee and Newsby suggest the geographical sense or "*locality*" which does not consider whether inhabitants interact with one another. The second retains the geographical referent, but it also implies "*local social system*" in which individuals are linked together by social networks. The third is distinguished by a shared sense of identity or "*communion*".

Additionally, community is not only defined by relations among members, but also the boundaries between members and non-members or the insiders and outsiders. Cohen (1987. Quoted in Crow and Allan, 1994: 6-7) argues that community is best understood in the sense that community plays a crucial symbolic role in generating and sustaining people's sense of belonging. For Cohen, the reality of community lies

in its members' perception of the vitality of its culture. This meaning constructs boundaries which serve to discriminate community's members from non-members. Community suggests that members have something in common with each other, which distinguishes them in a significant manner from non-members.

For the purposes of this study, community business is implied by the variety of definitions of the term "*community*". First of all, similar to Cohen (1987), Willmott (1986) and Lee and Newsby (1983) community business must have something in common which distinguishes its member from non-member. One of shared characteristics is clearly in the area of business activities, or in Willmott's sense, to "*the interest community*"- people gathering to participate jointly in a specific activity.

Second, one of the principal defining features of community is the geographical sense. In this sense, the term "*community business*" involves the activities undertaken within a spatial basis, which implies the activities operating at the local level (Syrett, 1995: 4, Willmott, 1986. Quoted in Crow and Allan, 1994: 3-4; Lee & Newsby, 1983. Quoted in Crow and Allan, 1994: 4-5). The operational definition of local level is discussed by Esman and Uphoff (1987: 11) that it is smaller than the district level.

Most importantly, since the term "*community*" also refers to a number of people who are assumed to have some social ties, in Willmott's term a "*community of attachment*" Willmott, 1986. Quoted in Crow and Allan, 1994: 3). Then, community business must involve the interaction among members.

Based on the definitions and actual cases of community business as well as the three principal features derived from the various meanings of "*community*" mentioned above, this study has developed some lines of arguments, which identify special features of community business, as follows:

2.1.3.1 Local Organizations

"*Community business*" refers to business activities, which have been undertaken by local organizations in the community (Parichart, 1998: 14-15). According to some definitions (NGO-COD, 1996: 109; Wren, 1983. Quoted in Davies, 1991: 109) the term "*local organization*" is not explicit, but such terms as a

group of people, local communities and people's organization still imply the operation of local organizations.

Local organization is defined as a *locally based organization with a recognized membership*, which acts on behalf of and is accountable to its membership. It refers to people's organizations which are defined as the functional group, including voluntary interest groups, such as cooperatives, youth clubs, women organizations, farmer organizations, housewife groups, water users' group, etc. working at the village level (Inayatullah, 1979. Quoted in Silaporn, 1998: 240). In addition, local organizations are diversified not only in terms of function but also in terms of size: from small face-to-face units to large networks. Furthermore, the variety of local organizations differs in terms of initiatives i.e. indigenous or introduced organizations as well as patterns of relationships - kinship, friendship or territory. (Uphoff et al., 1979: 34)

Among a variety of locally based membership organizations¹, community business organizations are regarded as a type of local organizations whose functions are involved with production-related activities and who pool their productive assets together in order to expand the range of productive possibilities. (Uphoff et al. 1979: 38-48; Kanchana, 1996: 9-10) And similar to the variety of local organizations, community business organizations differ in terms of business activities, organizational size and initiatives. However, to the point of relationship among members, community business implies the space outside kin or the family unit. Relations among members should be wider than the clan group.

¹ As classified by Uphoff et al (1979: 38-48), indigenous organizations are considered in terms of their functions or their forms as (1) *insurance organizations*, where all members of a group share their resources with anyone meeting personal tragedy, to meet funeral expenses; (2) *welfare organizations*, to assist community members through redistributive practices; (3) *reciprocity organizations*, to help break resource bottlenecks, such as exchanging labor or savings on a quid pro quo basis when, for example, field preparation must be done; (4) *provision of public goods organizations*, to get all persons contributing to collective facilities or services, such as road or services; (5) *pooling of productive assets* to expand the range of productive possibilities by combining labor, capital, land or water access. However, many organizations are multi-functional, and some functions can be overlapping. For instance, a saving group that pooled capital could have some elements of insurance or welfare associated with. Also Kanchana Kaothep (1998: 9-10) classifies local organizations into five categories - production-related, livelihood related, control-regulation-related, clan-related and education-related.

In terms of organizational structure and management, the community business definition given by Parichart (1998: 14-15) is similar to small business in two aspects, size and management style. However, in this study, I disagree with Parichart on the point of the similarities of organizational characteristics between community business and small-scale business. First, small size should not be the criterion for community business because there are many community businesses which operate in a large network. The more interesting point should be rather on the number of members; how they organize the organization; which kind of relationships tie the members together. Second, even though conventional management is a crucial element of community business, community business organizations may develop their own management style. For instance, some informal rules such as norms and social sanctions may be used as tools for management.

2.1.3.1 Scope of Action

Since the main function of community business is undertaking business activities, the scope of activities therefore, is based on a variety of business ventures. The scope of business is very broad. It includes a large number of activities ranging from extraction, production, conversion, processing and distribution as well as the facilitating of goods and services (Singh and Chandra, 1988: 5).

There is an attempt to limit the scope of activities of community business and to focus only on those activities which must be environmentally friendly (Isan Community Development Foundation, 1995: 13). However, with respect to the general definition, environmental conservation should not be the central concern.

2.1.3.2 Collective Action

Based on the term "*collective*" in Kwansruang's and Narong's perspectives, in this study, I agree with their major principles of collective ownership and the distribution of benefits collectively.

In terms of collective ownership, ownership of capital or factors of productions is a critical factor for differentiating community business from business in the community because it means power in the business venture. Decision-making in business activities such as business expansion is determined by the person who

possesses the factors of production. Therefore, capital ownership in community business must belong to the community itself. (Siriporn, 1998: 188)

There is an argument regarding the pattern of benefit distribution. The definition provided by Community Initiative Development (1999: 7) attempts to make a distinctive pattern of benefit distribution in community business. In CID's definition, community business is regarded as trade for the community's benefits rather than 'for members' or shareholders'. Thus, it is distinct from conventional private enterprise which trades for shareholders' benefits and from workers' cooperatives which trade for employees' benefits. However, with respect to the fact that community business is organized through local organization, in which all activities have been operating on behalf of its members. As a consequence, profit and benefits could be shared among members in a community business organization..

Additionally, according to the nature of the operation, business enterprises possess uncertainty or risk. Risk involves the possibility of loss or uncertainty of returns. (Singh and Chandra: 1988: 4) Thus, not only is community business owned and controlled by the local community organization or the local collective unit, but collective responsibility in any risk that could emerge from undertaking business ventures is also shared among members.

2.1.3.4 Empowerment and Participation

The idea of empowerment and participation is gaining much attention in the field of development (e.g. Seers, 1969; Goulet, 1971; ILO, 1975, 1977). There is growing consensus that development can be accelerated if the energies and resources of people are mobilized and people are empowered in order to take part in making decisions that affect their lives and livelihood (UNDP, 1991: 10).

Empowerment comes through collective action. To achieve empowerment, the process involves the way to help individuals form a group which is considered an organization. Through the group or organization, people gain confidence in themselves, develop solidarity and work collectively. The group creates space for an alternative development under their own control. This includes economic activities where the surpluses are not extracted but are used by those who produce them (Wright, 1990: 43).

Together with empowerment, participation is another key concept. A broad basis of participation is considered as a main component of community business since it is the collective efforts of a group of people at the grass-root level in undertaking business activities.

Regarding its working definition, participation is:

The organized efforts to increase control over resources and regulative institutions in social situations, on the part of groups and movements hitherto excluded from such control. (Wolfe, 1983: 2)

Participation exists in the whole process of development activities from the moment of diagnosing a problem, of selecting a possible course of action, of implementing a selected action and of evaluating the course of implementation (Goulet, 1989: 167; Esman & Uphoff, 1984: 72).

What we are concerning with here are institutional mechanisms and alternate organizational forms for promoting participation. People act as members of groups or communities to advise, decide or solve their problems through collective action. White (1989 Quoted in Carroll, 1992: 109) emphasizes "*Participation needs group structures*. The joint or collaborative involvement of beneficiaries in groups is a hallmark of popular participation. Esman and Uphoff (1984: 64) conclude that

Participation tends to be ineffective outside an organizational context and that local organizations are a crucial factor in developmental efforts.

Then, community business includes participation from members in some form. It could appear through the election of the executive committee, share holdings, shared benefits or other activities operated by the members.

2.1.3.5 Coexistence of Economic and Social Goals

According to the definition of "business", it is an institution organized and operated to provide goods and services to the society under the incentives of profit. It is a form of activity pursued primarily with the objectives of earning profit for the benefit of those on whose behalf the activity is conducted. (Singh and Chandra, 1938: 1) Therefore, in terms of the organization's goals, unlike other local

organization, community business organization is a business unit with conventional business objectives i.e. seeking profit. Profits and benefits are distributed among members and provided to the community. Profits are either reinvested in the business or used in some way for community benefit in general. (Wanchai, 1998: 3)

However, the major goals are not only profits or in terms of money but also social benefits. Social benefits can take many forms such as self-reliance of the local organization, social capital, member's welfare and the strength of the community. (Narong, 1998b: 7; Jaimanus, 1998: 18; and Kanchana, 1996: 46)

Hence, the most apparent goals of community business are commercial and social objectives. The mixture of business and social principles is critical to community business.

After reviewing diverse definitions given by many scholars and activists and analyzing the concepts of community business, the following table summarizes all of the above discussions (see table 2.2).

Table 2-2 Summary of Community Business Concept

Concepts	Special Features
Local organization	Operating through locally based membership organizations
Scope of action	Range of business activities
Collective action	Collectively owned, collectively controlled and collectively responsible
Participation	Participation through group structure
Coexistence of business and social goals	Profit making and the provision of social benefits

So far, by conceptualizing community business, these concepts and special features suggest that general definition of community business used in this study as *those business activities, which are owned and controlled by local organization in the community. The activities involve cooperation among members in that local organization and also other alliances for production, transformation, trade and services in the pursuit of community economic development. Its major principles are based on the gathering of local people to perform business activities. Participation is a crucial element. Members of the group participate in every stage of the planning, implementation and decision-making. Then, profits are reinvested in the business and used in some way for generating community's or members' benefits, such as a welfare fund as well as returned to all stakeholders.*

In short, it is a hybrid between conventional business which aims at seeking profits and community development, which also aims at creating social benefits for the community.

2.2 Evolution of Thoughts and Practices of Community Business in Thailand

According to the general definition of community business given in this study and the discussion above, community business actually is not a new idea. Influences on ideas and practices come from many thinkers and practitioners from both the Left and the Right. Thoughts and practices of community business in Thailand have evolved from the first establishment of cooperatives under government efforts, NGOs' movement in 1980s to the present, to a broad resurgence of concepts and practices after the economic crisis since 1997.

2.2.1 Pioneer of Thoughts and Practices

The original idea of community business in Thailand has its roots in the cooperatives concept. Cooperatives have been generally defined as: (Digby, 1965. Quoted in Agga, 1987: 14).

An association of persons who have voluntarily joined together to achieve a common economic and through the formation of democratically controlled business, making equitable

contributions to the capital required and accepting a fair share of risk and benefits of undertakings.

In Thailand, the first cooperatives was established in 1915 with government attempts (Pittaya, 1999: 23). It was credit cooperatives which its major purpose of cooperatives in the beginning was to provide loans for members rather than having collective ownership in business enterprises. Government has continued its efforts in establishing cooperatives which have its principal on collective ownership such as agricultural cooperatives, fisheries cooperatives, land settlement cooperatives and etc. In 1999, there were 5,549 cooperatives around the country (Ministry of Agriculture: n.d).

The ideas of collective ownership was firstly initiated by Pridi Banomyong or Luang Pradist Manutham (1900-1983), a senior statesman and a former Prime Minister who was a leader in the revolutionary movement, after the 1932 Revolution when the Thai political regime was transformed from an absolute to a constitutional monarchy. Pridi's economic plan was devised as a means to achieve the goals of the revolution in alleviating poverty and building economic equality. To alleviate poverty and inequality was to restructure Thai economy. And one most effective way to conquer the rural problem was to establish cooperative societies. People's coalitions would be based on traditional mutual assistance among villagers (Chattip, 1998: 63). Through cooperative societies, people would have more opportunities to expand business activities and to accumulate wealth among themselves in accordance with their local conditions. This type of cooperatives would increase the level of production and would release the unequal ties between the wealthy and the peasants. With solidarity in the cooperatives, peasants and farmers could benefit from their enterprises directly. People would fully employ surplus from economic enterprises and liberate themselves from the wealthy's domination and exploitation (Landon, 1999: 12).

Cooperatives in Pridi's thoughts would be a further basis for self- government in the local community. Cooperative societies in the next step would provide services, such as public health, education, military and an infrastructure. In other words, it would be an administrative unit for a national economic plan at the local level (Landon, 1999: 13) while government would only support, encourage and

facilitate the operation of cooperatives (Chattip, 1998: 64). Then, the right mix between democracy in administration and democracy in economic enterprises would create wealth, economic security and equality in the local community (Vichitwong, 2000: 20).

However, after presenting the plan to the government, the concept to set up self-sustaining cooperative societies throughout the country was criticized as a thought to set up communist communes. Pridi's economic plan was accused of being communistic. Accusations of communist influence resulted in the instant dropping of Pridi's economic proposal (Vichitwong, 2000: 21).

Pridi's cooperative model is a basic unit of economic enterprise in which people would have collective ownership and make efforts in production, marketing and consumption. The influence of his thoughts particularly in terms of collective ownership and collective action of local people in economic entities was inherited as one of major features of community business in these days.

The importance of collective action in economic activities was also revitalized and reemphasized through the movement of the Communist Party of Thailand until the collapse of the party in 1980 (Wedel and Wedel, 1987: 173-174).

2.2.2 Alternatives to the Mainstream Development

2.2.2.1 NGOs Movement in Community Business

Under mainstream thoughts of economic development, the Thai government had continually committed to development, which was mainly growth-oriented, urban-biased and externally-oriented (Suthee, 1995: 98). However, the fruits of development were not distributed around the country. On the contrary, poverty, inequality as well as other social problems still existed and increased in severity. As a result, it is within a maldevelopment context that the alternative development concept, including community business, was proposed and practiced by scholars and NGOs. Such a development philosophy and methodology have been propagated several times under various banners such as *"Answer is in the village"*, *"Back to basics"*, *"Appropriate technology"*, *"Self-reliance"*, *"Buddhist economy"*, *"Alternative agriculture"*.

Much of the early history of NGO movement relating to community business practices was associated with Puey Unkpakorn, a socially concerned scholar. His first effort was a project undertaken by the Thai Rural Reconstruction Movement Foundation (TRRM) in Chainat province in 1969. The key idea was to create economic activities among local villagers in order to raise people's quality of life. Its activities focused on raising villagers' income through villagers' organizations (Reaung, 1995: 52-59). Later, in 1974, Puey and his scholastic colleagues established the Mae-klong Integrated Rural Development (MIRD) Project (Reaung, 1995: 54). The project placed emphasis on the importance of people organizations and income generating activities.

Since the 1980s, after the collapse of the CPT, there has been an increase in concrete practices in searching for alternative development for rural people. The principles of people's organization, participation, self-reliance, cultural based development and local wisdom which were branded under "*community culture*" school of thought (Chattip, 1998: 245-248) were widely translated into practices (Jaturong, 1995: 151-154).

In accordance with the endogenous development strategy, most activities were focused on promoting various economic activity groups, such as small cooperatives, cattle banks, saving groups, rice banks, rice mills, handicraft groups etc. Examples of the attempts were the establishment of the Northeast Thailand Project (NET) in 1981 (Suthee, 1995: 100) and the establishment of the weaving group named 'Praepan' group in the Northeast in 1984.

2.2.2.2 Government Efforts

In the mainstream of development, which focused on economic growth, some government efforts were directed towards the establishment of people organizations which were bases for community business. These were established because of the government's anti-communist strategy. In the mid 1970s, communist forces strengthened their influence in the neighboring countries. The Thai government was afraid of the penetration of antigovernment ideas into the rural area. To usurp mass from the CPT was a strategy of the government. Aside from security reasons, the government policy was influenced by international development agencies

such as the United Nations and USAID which had turned its attention to alternative development around the world such as basic needs, integrated participation and local organizations. Thus, the government poured its efforts into developing rural areas, particularly giving greater emphasis to people organizations.

At the time under government guidance during 1970s-1980s altogether with the Fifth National Economic and Social Development Plan (1982-1986), the Thai government specifically placed more emphasis on rural development. To implement the scheme, the poverty stricken area development plan was designed. There were government efforts to set up various villager groups such as house wives' groups (*klum maeban*), saving groups (*klum omsap*), rice banks (*thanakan kao*), occupational groups (*klum achip*), village cooperative shop (*sun sathit kan talat*), credit cooperatives and farmers group (*klum kasettakorn*) (Soparth, 1992: 10). Most efforts were built through the Department of Community Development of the Ministry of the Interior and the Department of Agricultural Promotion of Ministry of Agriculture and Agricultural Cooperatives (Shigetomi, 1998: 97-103). Even though, the blossom of numerous villagers' group was a government device as intermediaries of information and resource from government to local villagers and tools for anti-communist, some of these groups were basis for the existence of present community business practices.

2.2.3 A Resurgence of Non-mainstream Ideas After the Economic Crisis

2.2.3.1 His Majesty the King's Ideas

When compared with the past, trends of recent development policies and the national economic and social plans have placed greater emphasis on the importance of people organizations and income generating activities. The concepts did not seem fully implemented on a nationwide scale because the mainstream of growth-oriented paradigm has more influence on government policies.

Until the country confronted the economic downturn in 1997, people organizations aiming at income generating activities, the basis for community business, has gained renewed support. The most influential ideas came from His Majesty the King, Bhumipol Adulyadej. He has emphasized the important and urgent

need for a new development paradigm. This is seen in his current speech given on December 4, 1997 as follows:

It is not important to be an economic tiger. What matters is that we have enough to eat and to live, A self-sufficient economy will provide us with just that. It helps us to stand on our own and produce enough for our consumption. (His Majesty's Speech, 1997. Quoted in National Institute of Development Administration, 1999: 2)

The King's support for a back-to-basics, economic self-reliance has given weight to longstanding calls from grass-roots movements for a revival of eco-friendly, self-sustaining communities.

He suggested that small farm households could diversify risk by allocating different areas of land to fruit trees, field crops and fish ponds as a hedge against nature and market volatility. It would also ensure households had ample food to ensure a balanced diet. The environment would gradually improve as a result of more trees being planted. From each community, more people with leadership skills would emerge. Next, rural communities would forge links with those in urban areas to ensure a sustainable two-way flow of goods and services. Then large corporations would help small and medium-scale rural enterprises to expand their businesses. (Juree, 2000: 20)

In this sense regarding the concept of community business, communities themselves are both producers and consumers. Local communities would gain a greater degree of self reliance and income from doing business among their networks (Chartchai, 1999: 20-22).

Although the practice of community business has already existed in some forms in Thailand for years, a speech by His Majesty the King last December provided the impetus for what he described as the new theory for solving economic problems. As a result, community business has become widely accepted by government agencies as an alternative to the mainstream development paradigm. There have been nationwide practices in government development programs concerning community business. In addition, practices of the NGOs have gained

more recognitions and support in their attempts to initiate and continue community business activities at the local level.

2.2.3.2 Examples of Recent Ideas and Practices

As Thailand sinks deeper into economic catastrophe, Prawase Wasi, a highly-respected thinker, who is often called a 'moral torchlight', supports the King's idea and offers self-sufficiency and civil society, which implies some degree of community business concept as a way out, and which could save the country. (Prawase, 2000: 1-10)

According to Prawase's idea, sufficiency economy and a civil society are the basis of peaceful and moral co-existence. Sufficiency economy means an economy which is interconnected with the well-being of human minds, families, communities, culture and environment. It is a holistic economy concerned with balance and morality. It is the state of balance which prevents a breakdown. It interconnects body, mind, family, community, the environment and morality. It provides sufficiency for every member. It strengthens ties within families and communities. It conserves the environment and enriches cultures. It fortifies the foundation of society, thus saving it from rapid fluctuations, crises and chaos.

Sufficiency economy benefits everyone in society, not only the rich, whose few missteps can bring the whole country down. Sufficiency economy aims at empowering grassroots people who are the base of society. With a strong foundation, a whole country could grow steadily and permanently.

Sufficiency economy focuses on building upon the strengths of society, which later would bolster the economy. Society could be strengthened through people organizations in various forms such as groups, clubs, foundations, associations, co-operatives and communities.

By organizing and networking among people, it creates a civil society which has egalitarian inter-relationships based on camaraderie and partnership. Civil society results in a departure from the old vertical relationships based on power to new horizontal relationships based on mutual trust to learn together by collaborating.

A strong community could solve its problems by itself through being self-reliant in social, cultural, educational, environmental and public health matters.

The first step in self reliance is to begin by reducing the degree of dependency, shifting from mono cash crop farming - rice, sugar cane, cassava plantations, for example - which destroy the environment and plunge farmers into debt, to integrated and diversified farming. Instead of growing one cash crop, farmers could grow different kinds of crops, such as rice, vegetables, fruit and herbs, as well as obtaining firewood and timber for their own use, and raising fish and poultry on the side. By doing so, they will have enough to eat and can sell the surplus so they can get out of debt and save.

In this process, integrated farming will provide farmers with year-round food, security, the land will turn green with trees, a boon to both the environment and the economy. Being able to produce one's own food and medicinal herbs is not only economical, but good business. Thai fruits and traditional Thai food, such as producing instant *tom yam* of good quality, and packaging to sell on the world market. For example, it can bring us foreign currency from exports while creating employment and sustaining the environment. Two examples demonstrate how industry and the export business can be connected with local communities.

When it comes to business issues and local communities, community business is well integrated into sufficiency economy. Its range of business activities focuses on an internal capability for production. Examples of activities include integrated or mixed farming, handicrafts, cottage industries and many other services. Other possibilities are for examples, village-run gas stations, food businesses, chemical pesticide-free food, medicinal herbs and many other tools or household wares that the villages can produce themselves. In addition, villagers can even venture in community-run eco-tourism or set up their own Thai traditional medicine center for example, traditional massage, hot herbal press, and selling herbal medicines.

To finance community business, the community fund or village bank will be an alternative source of capital. The village bank will encourages villagers to save while savings would be used as business loans for business investment. Aside from investment, savings could be managed to provide welfare schemes. These village banks will strengthen and increase the well-being of local communities.

After studying this grassroots movement for over 20 years, Wasi assures that Thailand can eradicate poverty throughout the country through sufficiency economy. Simultaneously, it will enable families to stay together. Local communities will be strong. People will be healthy. Culture will be dynamic and diversified. Environments will be nurtured. The society will therefore be stronger from mutual caring, the gaining of knowledge, and better management. A civil society fosters a good economy, good politics and morality. These favorable conditions create a peaceful atmosphere for national development. This is why sufficiency economy and a civil society are the heart of social reform.

Besides Prawase, another social thinker who places great emphasis on community business is Pittaya Wongkun. In his recent works (Pittaya, 1998; Pittaya et al., 1997), Pittaya proposes community business as a strategy to build communal sovereignty. His suggestion is to strengthen local communities through the following principles: 1) self reliance, 2) community based organizations, 3) wealth accumulation by minimizing outflowed cash, 4) import substitution rather than export promotion and 5) the building of community welfare.

Pittaya also identifies three tempos for doing community business or use his term "*community industry*" as: 1) at the beginning, each household must produce for internal consumption. Because of this, the household would minimize expenses from purchasing products; 2) To network with neighbors. When households produce a surplus, it should produce for import substitution within the community; and 3) To organize as a business unit. When the community produces a surplus, it would export its commodities to other communities or outside markets. By doing so, Pittaya emphasizes that community business must be in business activities which rely on local wisdom and appropriate technology.

In addition, to start community business activities, Pittaya proposes to create internal capital. By "*capital*", he includes financial capital and labor as well as other resources, in which people pool and invest collectively for a specific purpose. Some examples of attempts for building internal capital are savings groups, cremation groups, rice banks, cattle banks and traditional mutual labor groups. These varieties of capital would result the return of benefits in the form of profits, wages and interest. Since all activities aim at benefits, they are business enterprises. (Pittaya, 1990, 1998)

In addition to Prawase and Pittaya, another example of thinkers and practitioners of community business is Sapon Supamong, a former CEO of the Bangchak Petroleum Public Company. Sapon believes that firms in the business sector should build partnerships with community business. Firms could provide information, capital and marketing for community businesses, while they receive benefits from them (Sapon, 1995. Quoted in Rangsang et al., 1999: 37). Example from Bangchak's experiences, which has continued its support of community based organizations to establish community gas stations since 1990, reveals that the company benefit from community business by being the company's customer. At the same time, the company has supported supplies, business knowledge and information for community business.

The Bangchak has continued moving towards community business by establishing the Lemon Farm cooperative stores in 1997 in cooperation with Mongkonchai Pattana, one of the Royal properties. The principles of this business is based on cooperative principles and aims to be a channel of distribution for local commodities from community business organizations (Sirichai, n.d.: 26-28). Along the lines of Sapon Supamong's ideas, Sirichai Sakornrattanakun- current CEO of Banchak, proposes strengthening and expanding community business to the national level (Sirichai, n.d.: 13-15).

To survive in a capitalistic system, Narong Petchprasert (ed.) (1998b: 173) proposes the community business concept under the slogan "*one household, two mode of production*". Production for self-consumption and production for sales are needed for each household with interaction among communities and external partners or stakeholders, government, NGOs, academic institutes and business. These stakeholders interact for common benefits under win-win situations such as the case of the Bangchak Public Company.

According to Narong's findings from an action research, community business must start by answering the following questions "*What to produce? How to produce? And For whom to produce?*" (Narong, 1998a: 25) The most appropriate community business activities would be businesses which have a comparative advantage, specialization in the production process, and a market niche as well as equal distribution benefits.

As a business enterprise, crucial motivation are profits and wages. Community business in Narong's thoughts is therefore, far beyond production for self-sufficiency but for wealth accumulation from earning profits (Jaimanus, 1998: 147). However, since it is community business, the other crucial motivation is community consciousness of its culture, environment and accumulated knowledge.

2.2.3.3 Policy towards Community Business after Bubble Burst

With regards to the community business concept, there are an increasing number of policies and implementations created by the government that have had great effects on the practices of community business around the country.

Before and after the crisis, the government has continued its support community business concepts. This support can be seen in the Eighth National Economic and Social Development Plan (1997-2001). With respect to the trend towards people oriented development, the government, for the first time in the country's history, formulated the 8th plan with full participation from POs and NGOs. Major differences between the current national economic and social development plan when compared with the previous plans is characterized by holistic approach of development, people empowerment, people centeredness, rural-capacity building and area-oriented development (NESDB, 2000: 2).

Some examples of these efforts are apparent in the establishment of *"the Community Empowerment for Response to Crisis Action Plan"* (CERCAP) on March 16, 1999. The program aims to strengthen local communities and emphasizes empowerment of local people in order to develop plans and to implement a response to the crisis. A part of this plan is to establish community business organizations (NESDB: 2000: 17).

In addition to government support, the World Bank provided loans to the Thai government under the Social Investment Program. About 120 million US dollars or 4,800 million Baht were allocated directly to villagers organizations under "Social Investment Funds" (SIF). By allocating grants to village organizations to conduct their activities directly, the fund aims to strengthen social capital and local capability in development activities, which include income generating activities or community business (NESDB, 2000: 17).

Another example comes from the policy and practices of the Ministry of Interior. In 1998, in response to the economic turmoil, with a nationwide scope of influence, the Department of Community Development and the Department of Local Affairs launched a community economy policy to support rural communities. The policy focuses on the efforts to build a civil society at the local level and to support income generating activities initiated by local organizations (Ministry of Interior, 1998: 77).

2.3 Requisites for Successful Community Business

When people cooperate and work together, they can overcome problems of coordination, risk, limited information, and individual skills. However, to assure the success of collective action, certain conditions have to be met. Much of the literature reveals factors contributing to the operation of community business as follows:

2.3.1 Existing Studies of Community Business in Thailand

From reviewing the literature on the studies of community business in Thailand, there are not many studies directly on the topic. The first extended discussion of community business is the study of Parichart Walaisatien (1997: 1-2) reviewing the current status of community business in Thailand, funded by the Thailand Research Fund Office. The study identifies eight factors contributing to the operation of community business as: (1) the ability to be self-reliant and cooperate; (2) the government official's roles; (3) accounting and monitoring; (4) market and location; (5) people's participation; (6) capital and management and (8) the group process.

In his thesis on *"Tanangnaew Cooperatives"* in Khon Kaen province, Tiab Loasuwan (1998: 60-106) identifies a three legged economic model for self-reliance in community business as: (1) capital management, (2) production management and (3) marketing management.

Jaimanus Ploydee (1997: 45-48) in her thesis and Narong Petcharaprasert (1998b: 65-71) point out six important factors in considering the success and failure of community business as (1) production factors, (2) marketing factors, (3) labor factors, (4) financial factors, (5) management factors, (6) external interaction (7)

members' participation, (8) leadership and (9) rules and regulations of the organization. Great emphasis is placed on management either modern or traditional management, participation and capital. Effective management relies on an effective personnel and an effective work system. Participation is also crucial specifically for group sustainability and the availability of capital and capital sources are necessary for undertaking business activities. In addition, another crucial element is an interaction among five major alliances in conducting community business i.e. academics, NGOs, business, government agencies and community based organizations. Narong's emphasis is to concern win-win situation among partners (Narong, 1998b, 73-74).

In terms of business potentiality, Rangsan Pitipanya et al (1999: 43-57) identifies some important factors contributing to the operation of community business as (1) land and labor, (2) capital inputs, (3) technology, (4) marketing and (5) management capabilities. With these factors, community business has the potential for survival and sustainability.

2.3.2 Factors Related to the Operation of Local Organizations

When speaking of the operation of local organizations, one often refers to local organization's capacity, which can be seen as one of critical components. It is defined as: (Narayan and Ebbe, 1997: 33-34)

The ability of people to trust one another, working together in solving problems, mobilize resources, resolve conflicts, and network with others to achieve agreed-upon goals.

In the study of the World Bank in assessing Social Investment Funds (SIF) in 124 countries, Narayan and Ebbe (1997: 33) note that local organizations' capacities are closely related to project sustainability. They directly drive local groups to organize themselves to solve their own problems, to network with others, to mobilize resources and to design solutions.

The importance of local organizational capacity is also realized by the study of Azfar (1997. Quoted in Narayan and Ebbe ,1997: 41) in its assessment of the Aga Khan Rural Support Program (AKRSP). The study notes that the successful local

organizations generally have the following characteristics (1) system of management (such as planning for activities, marketing and enterprise management, financial management, and conflict management), (2) linkages with other agencies, (3) growth in savings, (4) maintenance of records and (5) frequency of and attendance at meetings.

Besides local organizational capacity, there have been numerous factors affecting the operation of local organizations. These include the fact that local organizations, introduced by State and outside agencies in a top down approach as a vehicle for introducing their own agenda (for instance, general development programs). This leads the issues of participation by local people in decision-making or over centralized management. In addition, this kind of local organization mostly benefited the local elite instead of the local community as a whole. (Schmale, 1993: 10)

In addition, Sauders (1980. Quoted in Uphoff et al., 1979: 17-18) studies other factors affecting the performance of local organizations. He concludes that development activities are likely to have more success if: (1) benefits are seen as valuable and direct; (2) skills and time demands are not too great; (3) past experience with self-help activities has not been negative; (4) population in the area is socially cohesive; (5) there has been traditionally a basis for cooperative action; (6) membership is small enough for face-to-face contact among members; (7) kinship organizations can be involved in forming the groups; (8) project components are tailored to local conditions; (9) local leadership can be given responsibilities and are also held accountable to the group; (10) domination by more powerful members can be restricted; and (11) organization and policies are not to be simply imposed from above.

The issue emerging from literature concerning local organization is focused on what kinds and characteristics of effective local organization are needed; how local organization is built and induced; how local organization capacity is enhanced; what strategies are needed for eliminating problems. Similarly, since community business implies the activities undertaken by local organizations, these questions are applied to the issue of community business organizations.

From reviewing the existing research on community business and local organization, the important factors needed to be addressed are:

- 1) Inputs, such as factors of production i.e. capital input, raw materials, technology, labor and equipments, group characteristics, leadership entrepreneur and initiators
- 2) Process, such as management, the organization's function and structure
- 3) Outputs, such as self-reliance and benefits both in terms of profits and society
- 4) Environment, such as socio-economic conditions, community structure and rules and regulations.

To search for these important attributes suggested by previous studies, we need an analytical approach with high explanatory power, which includes all relevant factors and does not dismiss any critical one. Additionally, with an appropriate framework, we are also able to capture other relevant factors. These different factors will be discussed and explored later.

2.4 Institutional Approach for Analysis

2.4.1 Arguments of Other Approaches

Before building a framework for analysis, it is useful to review the work that has already been done in Thai rural studies regarding the analysis of people's organization. There are three major approaches based on different perceptions of what underlies villagers' organization.

2.4.1.1 Political economy Framework

Political economy framework focuses on the relation between villages, the State and capital rather than one village as a self sustained and demarcated world, as seen from, for examples, the works of Andrew Turton (1987) and Philip Hirsch (1990) on local organization in Thai rural village.

Hirsch (1990. Quoted in Shigetomi, 1998: 12-13) presents cases where poor farmers have organized themselves and fought for empowerment to regain control over resources of production. In terms of participation, it is generally defined as participation in the village's development through collective action by village residents who hitherto have been excluded from the process. He also highlights what he terms a "development dilemma" where external control over the resources of

production increased as development advanced and villagers became more dependent on external control. He notes that to counter this growing external control, villagers' cooperation in the development process was organized.

Another example of the study of local organizations within a political framework is Anan Kanchanabhan's study (1992. Quoted in Shigetomi, 1998: 14) of northern Thai villages. The study reveals that the changes in external environment bring about conditions necessitating the formation of organizations. In this respect, for villagers to organize, they have to cope with their socioeconomic environment.

Apparently, the political economy approach has its merit in that it examines external economic and political economy conditions as major factors affecting villagers' organization. However, there is a problem regarding the impact of the general economy and State on the village as it demonstrates a one-sided process of people being deprived of control over production resources by outsiders. The results exclude other critical variables that could provide further explanations on the villagers' collective actions such traditional values, kinship, etc.

2.4.1.2 Community Culture Approach

The thinking of the proponents of this approach is that the external environment surrounding the Thai village has undergone dramatic changes but the mutual support and sympathy of the cooperative cultures has by no means completely disappeared. (Seri, 1989: 3) In contrast to the political economy approach which emphasizes the impact of the external environment, the community culture proponents emphasize those cooperative cultural elements that are present in the community.

However, the problem arises in attempting to explain people's organizations as predicated upon the existence of "*culture*". One is that it is not possible to explain the arising of collective actions in local organization just based simply on the existence of culture. The community culture fails to explain how and to what extent community culture influences people's organizations, rather it regards community culture as the only factors determining cooperative and collective action. First of all, the community culture, which has different forms, such as sympathetic feelings, patron-client relationship and kinship would differently affect the formation

and operation of local organizations. In addition, there are other important factors that should be involved in an explanation. For example, the economic and political conditions in and outside the community that the political economy approach stresses are as equally important as “culture” for local organizations. Additionally, the community culture proponents assume an ideal community separate from the market and the State (Shigetomi, 1998: 15-16) However, the description of the modern-day Thai village that ignores its connection with the State and the external market is not realistic.

2.4.1.3 Organizational Analysis

Within a framework of organizational analysis, a local organization is considered as an entity focused mainly on internal variables such as resources, leadership, ideology, mission and objectives, members, organizational structure and functions, management, activities, and communication (Sombhan et al., 1994; 1997; Naline, 1995).

Therefore, all remedies have been generally offered -- general organizational restructuring (decentralization and participation) or increasing organizational resources (personnel numbers, training, budget size, technology). (Wunsch, 1991: 434-435) These analyses and recommendations seem to be practical and useful. Organizational analysis has overlooked some factors, such as regulations, laws and conditions *outside* the organization. These can critically affect local organization's likelihood of success. Property rights, taxation provisions, demand and services by other organizations, patron-client system, community history and social structure, for example, are important influences in the operation of local organizations. As a result, organizational analysis tends to ignore the ways in which local organizations have used for adapting themselves to the environment (Naline, 1995: 13-16).

2.4.2 Institutional Approach

Obviously, understanding and assessing community business organizations is a complicated task. As discussed earlier, the political economy framework, community culture approach and organizational analysis have been unable to provide

sufficient and comprehensive explanations for people's organizations in rural Thai society. A heuristic approach to help move analysis beyond these limits and effectively guide policy implementation is surely needed. It requires some strategic simplifications and sometimes assumptions that press the limits of the established methodology so that their complexity can be taken into account – not simply dismissed – without overwhelming the subject.

The framework for analysis of community business which could fulfill this gap is to view community business as an institution that would assist us in considering phenomena of community business with a holistic perspective, which will provide high power of explanation.

2.4.2.1 Community Business as an Institution

There are many possible explanations for the understanding of the phenomena of community business. One that might be useful is to perceive community business as an institution.

Defining an institution is essential for understanding institutional analysis. Institutions are the rules of the games of a society or more formally are the humanly devised constraints that shape human interaction (North, 1990: 3). Constraints mean what is prohibited and permitted. They include both formal ones, such as written rules and in informal ones, such as an unwritten code of conduct. In consequence, these constraints structure incentives in human exchanges. (North, 1990: 3-5) Incentives include both rewards and penalties. These sets of rules dictate how people interact with one another, i.e. the people and patterns of regular repetitive interactions among them. These not only determine the transformation of inputs into outputs, but also the social interactions that determine how outcomes get made. By this definition, institutions include families, communities, private firms and governments. (Ostrom, 1986: 5) These explanations can generally be captured by an *institutional analysis framework*.

The institutional analysis approach suggests a view of community business from an open system perspective. Speaking of open systems, it is basically concerned with relationships among member units as well as environment. In terms of

the production system, inputs are transformed into outputs and interact with the environment.

The institutional analysis approach can best be appreciated in terms of the way in which the approach seeks to explain "*why institution and organizations take the forms that they do*". (Dimaggio & Powell, 1983. Quoted in Hall, 1991: 207). It is a method of analyzing why organizational arrangements lead to the production (or do not so lead) of specific goods and services (Wunsch, 1991: 435). It assumes that individual choices and actions are affected by the institutional arrangements. There are a number of rules which allocate (or fails to allocate) authority, information, resources, structure, decision making and accountability (Ostrom, 1986: 17-19). Typically, they concern themselves with management systems, including monitoring and evaluation, organizational structure and change, planning, staffing, training, financial management, procurement, as well as interagency coordination (Israel, 1987: 36-38).

The analysis is based on the assumption that organizations exist in the "*field*" of other organizations. Dimaggio and Powell (1983: 148. Quoted in Hall, 1991: 288) define an organizational field as follows:

By organization field, we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organizations that produce similar service and products. The virtue of this unit of analysis is that it directs our attention ... to **the totality of relevant actors.**²

In short, by institutional analysis, all social situations can be described by identifying and analyzing how particular elements constituting the situations under analysis lead to the patterns observed.

In applying the institutional analysis approach, the study seeks to answer the following questions: (1) Who and what agencies (actors or stakeholders) are involved in the operation of community business? (2) What are their characteristics? (3) What positions do they hold? (4) What actions do they take? (5)

² Emphasized by the author

What are the bases of their actions (rules)? (6) What outcomes do occur (as a result of the interactions of above)? (7) How are decisions reached and activities carried out? (8) How are the actions and outcomes linked? And (9) what and how are benefits assigned and distributed?

2.4.2.2 Framework for Analysis

Viewing community business as an institution in the open system provides a valuable perspective. It suggests that community business must be studied as a whole, taken into account the interrelationship among its parts and its relationship with its environment.

In order to construct an institutional analysis framework for community business in Thailand, one valuable concept must be borrowed from institutional building or institutional development.³

The increasing emphasis on the strategy of institutional development occurred in response to the problem of the low capacity of local organizations. Consequently, the strategy is used for increasing local organizational capacity. This strategy can be defined as: (Booy, 1988. Quoted in Narayan and Ebbe, 1997: 36)

... [A] strategic learning process whereby an institution's environment, structure, management, resources, ideology, strategy and performance/output are developed and empowered so that it becomes of greater value to the community it serves.

Milton J. Esman (1967. Quoted in Blasé, 1973: 4-8) develops a general framework for the institutional building process. His assumption is based on the fact that every institution or organization does exist in a changing environment. He identifies three important components used for institutional analysis: (1) institutional variables, (2) transactions and (3) linkages. *Institutional variables* are those elements thought to be necessary to explain the systemic behavior of an institution. The focus is on the internal parameters of an institution. He identifies five institutional variables

³ The concept of "institution building" and "institutional development" refers to the process of improving an institution's ability to make effective use of human and financial resources. The concept encompasses broad entities at the local level, project units and also government agencies. An institution can belong to the public or the private sector (Israel, 1987: 11).

as (a) leadership, (b) doctrine, (c) program, (d) resources and (e) internal structure. Additionally, since every institution and organization is relevant to other institutions and organizations in some way, its linkages with other entities are important and meaningful for analysis. Through these linkages, the institution has exchange relationships with its environment or in Esman's terms "*transaction*".

This perspective is valuable in the analysis of community business in Thailand because it assists us in considering all major factors relevant to the operation of community business. This involves a complex set of interactions between community business and its environment. By applying Esman's framework to the analysis of community business in Thailand, the following attributes will be studied.

1) Institution Variables

The focus of analysis is on the internal parameters of an institution or organization. These parameters are necessary elements to explain the systemic behavior in community business organizations.

(1) Key participants

Components of this parameter include identification of the participants or actors in community business. The *composition of participants* (homogeneous or heterogeneous in characteristics such as gender, economic status, educational background) and their roles will be analyzed. This parameter also includes "*leadership*" mentioned by Milton J. Esman (1967. Quoted in Blasé, 1973: 266). A number of leadership attributes will be identified as variables, for instance the political viability, professional status, technical and organizational competence, goal's commitment, continuity.

(2) Resources

Resources are defined as the inputs of the organization that are converted into products or services. This refers to what are primarily needed for operating community business ventures. It includes financial and physical resources as well as human, technology and information. (Gauman et al., 1970; Esman, 1967. Quoted in Blasé, 1973: 267) In other words, it implies factors of production which are obviously important in every productive enterprise.

Additionally, resources are also important in terms of sources and ability for obtaining resources through the operation.

(3) Doctrine

The doctrine of an institution is critical as the reference point of an institution to which all other variables relate. It is defined as the specification of values, objectives and operational methods underlying social action. In other words, it means a set of beliefs that justifies a set of actions. It includes constraints that shape human interaction in the institution, such as rewards and penalties as well as what actions are required, permitted and prohibited. Doctrine can be in forms of formal or informal rules; written or unwritten. It contains such characteristics as the extent to which elements of the doctrine supply the necessary foundation for action in a given situation; the extent to which the institution's doctrine conforms to the expected and sanctioned behavior of the society; the degree to which the institution's doctrine conforms to the preferences of the society. (Esman, 1967. Quoted in Blasé, 1973: 266)

(4) Functions

Organizational functions refer to functions that community business organization commonly carried out and its management procedures. To use simple terminology, it means tasks and the capacity of the community business organization to carry on their tasks. In community business, business activity is its major task, in this process, business management principles of production, marketing, finance and personnel are considered (Albers, 1995: 32). The important functions of a business are briefly discussed below: (Singh and Chandra, 1988: 11-13)

- (1) Production. It is concerned with the transformation of inputs like manpower, materials, machinery, capital, information, and energy into specified outputs as demanded by the society. The production department is entrusted with many activities, such as production planning and control, the procurement of materials and the storage of materials.
- (2) Marketing. It is concerned with the distribution of goods and services produced by the production department. It can perform efficiently only if it

is able to satisfy the needs of its customers. For this purpose, the marketing department guides the production department in product planning and development. It fixes the prices of the various products produced by the business. It promotes the sale of goods through advertisement and sales promotion devices, such as distribution of samples and novelty items, holding contests, organizing displays and exhibitions, etc.

- (3) Finance. It deals with arrangement of sufficient capital for the smooth running of the business. It also tries to ensure that there is proper utilization of resources. It takes many important decisions, such as the sources of finance, investment of funds in productive ventures, and the levels of inventory of various items.
- (4) Personnel. This function is concerned with finding suitable employees, giving them training, fixing their remuneration and motivating them. The quality of human resources working with the enterprise is a critical factor in the achievement of business objectives. Therefore it is necessary that the work force be highly motivated and satisfied with the terms and conditions of service offered by the enterprise.

In order to achieve organizational objectives, these functions must be integrated appropriately. This can be undertaken through the management of the enterprise i.e. planning, organization, direction and control. Meanwhile, the management aspect of these tasks and the system of accountability are also investigated (Landell & Serageldin, 1991: 14-17).

However, there has been some debate as whether western management theory and practice is universally applicable or whether management forms and practices need to be contextualized. (Moris, 1981: 11). Some show that there is merit to both positions. (Honadle and Sant, 1985. Quoted in Moris, 1981: 8)

...Orthodox management science does offer sound guidance for delivering goods and service. Clear objectives, line of authority, agreed-on procedures, collegial trust, control of resources and other common attributed to good management can make a difference.

But generating local action and sustaining benefit flows and objectives that fall outside the domain of formalistic western management theory...

In this study, both orthodox management aspects of tasks in community business organization and its local contextual style of management are considered.

(5) Internal structure

The study is also concerned with the analysis of the *internal structure* of the community business organization. It means the structure and processes established for the operation of the organization. It involves mechanisms, modes of control, communication and decision making within the organization.

The structure for performing tasks in which the community business organization undertakes is important, since variations in their structure are likely to be significant. (Esman & Uphoff, 1984: 69). Treating all community business organizations similarly when such variations exist would obscure factors that significantly affect their performance. I try to explore what forms of community business organization that is most likely to support the achievement of the organization's goal. For instance, community business organizations which have been conceived and established by its members and which have relied upon some outside agencies may be different in their performances.

(6) Participation

Taking into account community business, *participation* is one of the important variables. Research findings concerning participation in local organizations reveal that participation is a cardinal requisite for the success. (Rothman, 1974: 280-281; Uphoff, 1992: 177-178)

Participation refers to the involvement of the individual in the process of the organization's activities. Participation can be categorized into four stages: (1) participation in the process of project planning, i.e. contributing ideas, (2) participation in implementation or sharing responsibility, i.e. the contribution of labor, money or materials, (3) participation in monitoring and evaluation, i.e.

controlling and maintaining the activities and (4) participation in benefit sharing, i.e. taking benefits from the projects (Uphoff et al., 1979: 14).

(7) Social learning

Also, the *social learning* process that occurs during the operation of business activities is considered. Organizations are most apt to function as an open system if they institutionalize social learning. To the extent that organizations are open to external demands, resources and information, they are able to take in and respond to new ideas and information. (Bryant and White, 1990: 17). In order to grow, accumulated knowledge acquisition refers to the systems used to collect and exchange information, reflect on that information and the implement the changes based on what has been learned. (Nares et al., 1998: 40). Similar to other local organizations, community business organizations are most likely to develop and to contribute to development objectives when it is effective in learning from its environment.

(8) Organization's goals

This refers to what community business organizations need to achieve. Since community business is a hybrid between conventional business and social objectives, it is inappropriate to consider its goal by strict orthodox financial and business criteria only. An analytical framework should be developed, recognizing the complexity of its objectives. These outputs include those desired benefits derived from community business activities, i.e. profits and income, productivity, and social benefit.

In terms of social benefits, in the field of community business, it can appear in any form. It is the task of the study to find out how many forms do occur.

2) Context or external environment

A large body of literature concerning local organizations suggests that the performance of local organizations is strongly influenced by the socio-economic environment in which these organizations operate (Carroll, 1992: 110). Therefore, the *contextual or external environment* is also realized here. The

assumption of the study is that community business organization is not independent from the environment.

There are some factors in the external environment that condition or constrain the operation of community business activities. The external environment considered here is rather encompassing. What interests me here are those factors that can be associated with community business organization. These exogenous factors include (1) physical features; (2) income levels, which reflect the availability of economic resources; (3) demographic features; (4) government policy; (5) community structure either factionalism or partisanship in terms of kinship or the patron-client relationship; (6) community history; (7) societal norms, which represent ideological influences; (8) the relation with other organizations of the same level (horizontal linkages) or with higher-level organizations (vertical linkages). The latter two points will be focused specifically in the linkage attribute.

3) Linkages

Linkages are defined as patterned relationships between the institution and other relevant parts of the society. (Esman, 1967: 278) In institutional analysis, the assumption is based on the fact that every institution is relevant to other organization. Hence, its linkages are vitally important. Through these linkages the institution maintains exchange relationships with its environment.

To facilitate an analysis, Milton J. Esman (1967. Quoted in Blasé, 1973: 6-8) identifies four types of linkages as (1) *enabling linkages*: relationships with organizations and social groups, which control the allocation of authority and resources; (2) *functional linkages*: relationships with organizations and social groups which are complementary in a production sense, both in terms of supply inputs and subsequent outputs; (3) *normative linkages*: relationships with organizations and social groups which incorporate norms and values relevant to the doctrine and function of the institution; and (4) *diffused linkages*: relationships with the general public including relationships established through media and public opinion.

4) Transaction

A concept closely related to linkages is that of transaction.

William Siffin (1967. Quoted in Blasé, 1973: 276) explains:

It is possible to conceive the process of organization-environment relations in terms of transactions-exchanges of goods and services and of power and influence. From an organizational viewpoint, transactions are the substance of an entity's linkages with its environment. They shape and manifest institutional qualities.

Through the four linkages mentioned above, an institution carries on transactions with other segments of the society. These transactions involve not only physical inputs and outputs, but also such social interactions as communication, support acquisitions and the transfer of norms and values. More specifically, the purpose of transactions are identified as (1) gaining support and overcoming resistance, (2) exchanging resources, (3) structuring the environment and (4) transferring norms and values. (Qureshi, 1967. Quoted in Blasé, 1973: 277)

Transaction includes the way in which community business organizations are structured in their relation with other organizations at the same level (horizontal linkage or with higher level (vertical linkage).

All relevant variables mentioned above can be illustrated in the figure below (See figure 2-1).

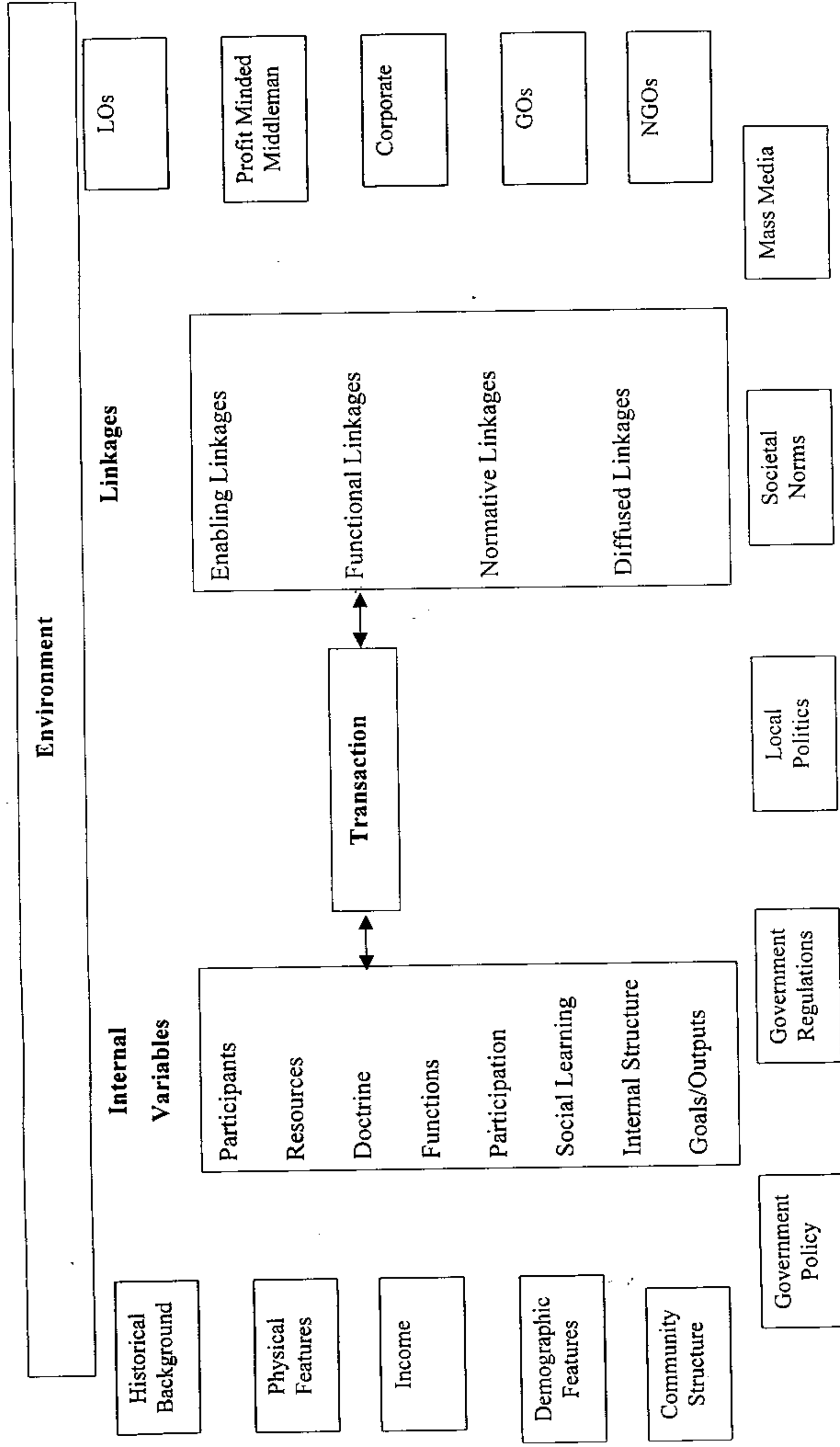


Figure2-1 Institutional Framework for Analysis of Community Business in Thailand

2.5 Some Concluding Thoughts

Having reviewed a large body of literature, some conclusions can be made as follows:

In search for the meaning of community business in Thailand, the literature referring to the term "*community business*" mentioned earlier already suggests some identifications of community as *business activities* which have been carried out through *locally based membership organization* in which those members *collectively own, control, manage and receive benefits*. Additionally, in these collective actions, members of community business organizations must *collectively share any risk* that could occur from the business operations. There are two parallel objectives of community business organizations, *economic objectives and social objectives*. By economic objectives, the researcher means those objectives that would be accomplished in forms of the production of goods and services as well as profit and income. While social objectives refer to social welfare and social capital or any other form that will be explored later.

Since it is one of the tasks in this study to search for the nature and characteristics of community business, the general definition and features of community of the community businesses identified here are mainly for the purpose of defining the unit of analysis. More specific definitions including some important issues, such as organizational scale, structure and functions still have some ambiguities. These concerns will be explored later through research.

In the area of inquiry of this study, the institutional approach is applied as a tool for analysis. A framework is assumed to be *flexible and dynamic, but not rigid*. Viewing community business in terms of institutional variables, linkages, transaction and environment assists to capture the complexity of community business. In other words it signifies what should be consider for analysis. The relationship among these variables in the framework may not exist in linear patterns, but rather in interactive patterns. In addition, other more important variables may be found. It is my purpose to find out the patterns of the relationships among those variables. The patterns of community business may differ from one another according to their types and surroundings.

In an attempt to study the institutional analysis of community business, a heuristic or inductive approach, which reflects the facts from the ground, is more appropriate because the study requires a primary investigation from the "*inside*" in which the concepts emerge from the research site. Therefore, the study will employ the qualitative research method. Research methodology will be discussed in the next chapter.

Chapter 3

Research Methodology

In this chapter, all stages of research methodology i.e. the research design, unit of analysis, research procedures, data collection method, and verification of data are described. Mapping of community business is also explored here. This will set the stage for the discussion of empirical results in subsequent chapters.

3.1 Research Design

3.1.1 Unit of Analysis

As this study aims at the nature and characteristics of community business in Thailand, units of analysis in this study are community business organizations.

3.1.2 Qualitative versus Quantitative Approach

Choosing between qualitative and quantitative methods is a tradeoff between *depth and breadth*. (Taschereau, 1998: 33). An extensive literature has developed around the use of quantitative versus qualitative methods. The qualitative method is "*a particular tradition in social science that fundamentally involves watching people in their own territory and interacting with them in their own language, and on their own terms*" (Kirk and Miller, 1986: 8). It includes in-depth, open-ended interviews, direct observation, the study of life and organizational histories, content analysis, computer and statistical manipulations. The advocates of the qualitative approach stress the need for information and knowledge from *insiders*. It allows the study of selected issues; cases or events in depth and in detail because data collection is not constrained by predetermined and standardized categories, such as the response choices that constitute typical questionnaires. Therefore, it can capture the richness of people's experience in their own terms. Moreover, the understandings and meanings of events can be explored through the analysis of detailed descriptions and *verbatim* quotations. The tradeoff in using this approach is that it is expensive in terms of time

spent on data collection and field expenses and may not lead to generalized conclusions.

In contrast, quantitative methods concern primarily measurable and observable data. It originated in the natural sciences and involves measuring phenomena. Carmines and Zeller (1979: 15) define measurement as a process of "*linking abstract concepts to observable indicators*," involving an "*explicit and organized plan for classifying (and often quantifying) data in terms of the general questions in the researcher's mind*." The quantitative method is used extensively in survey research using standardized instruments. It permits statistical compilation, analysis and comparison of responses across large numbers of respondents at a much lower cost than the qualitative approach. Researchers fit people's experiences and variables into standardized categories to which numerical values are attached, thereby producing "*hard*" data that they can analyze statistically. Additionally, the quantitative method relies extensively on the quality of the questions, their clarity and how respondents interpret them. The tradeoff in using the quantitative method is that it does not provide the depth of understandings that qualitative methods can yield.

Regarding the objectives of the study, an appropriate methodology must be designed so that the qualitative and quantitative approaches complement each other. On the one hand, I need to reach a comprehensive understanding about community business in Thailand without spending the next five years on research sites. On the other hand, I need to obtain a depth information beyond a "*hit and run*" technique.

Quantitative approaches alone are considered inappropriate due to the lack of empirically based *a priori* knowledge under the study topic. The deductive approach would require many assumptions made by the researcher. At this point, a heuristic or inductive approach would be more appropriate since the study requires primary investigation from the "*inside*" in which the categories and concepts would emerge from the research site. This approach is similar to Glaser's and Strauss's process of grounded theory research, in which patterned actions and interactions of individuals are discovered over time. (Glaser and Strauss, 1967: 9).

The qualitative approach would yield a vast amount of rich and valuable data. However, as practiced in the field of anthropology, it is expensive in terms of person-hours and expenses. Therefore, after conducting an inductive approach with some

major techniques of data collection, the findings that emerge from the inductive approach would be verified by a tool using deductive approach.

3.1.3 Research Procedures

The nature of the research questions in this study requires an adaptive research design with an initial exploration. The study is designed as research phases moving from the first stage of inductive inquiry to the deductive method of formulation and examination of hypotheses that are based on the results of data gathering and analysis.

In this design, predominant methods of data collection focus on observations to in-depth interviews that are based on a phenomenological orientation in order to reach in-depth understandings of community business organizations as well as their context. Then, those findings from the qualitative approach will be categorized and generalized from. The one-shot questionnaire approach will be employed later for verifying findings from the earlier stage and for establishing general patterns in order to reach a broad understanding of community business.

The design in this study consists of three major phases. The different data collection method is also designed to fit into each particular research phase. Each phase of the study employs different methods for analysis.

3.1.3.1 Mapping or Profiling

In order to obtain an overview of the whole picture of community business in Thailand, a map or profile of community organizations was developed. General information about community business organizations in Thailand was obtained by interviews and documentation. However, we must keep in mind that this stage is not a process of developing a directory of community business organizations. On the contrary, it is a primary step for the classification of community business organizations. This information suggested further decisions on the selection of specific case studies in the next phase.

3.1.3.2 Case Studies

Babbie's (1973: 37) points out that the case study provides a comprehensive description and explanation of the numerous components of a given social situation. In doing this, the case study seeks to maximize the number of

variables considered and to obtain in-depth understanding of community business as well as their context. In this study, three interesting case studies are selected from the initial mapping exercise. Justification for selecting cases based on representatives of the different types of community business. Also, decisions on the chosen cases were made by consulting with experts in the field of community business i.e. scholars, NGOs, and government officers.

3.1.3.3 Survey Research

In order to generalize from the case study finding, a survey was conducted with well-constructed questionnaires. Five hundred and sixty samples of CBOs were drawn randomly from around the country from a profile, which was developed in the first phase.

3.2 Methodology for Case Studies

In selecting the case studies, the author started with an attempt to map community business organizations (CBOs). In chapter 2, CBOs were treated as a relatively abstract and homogeneous. However, progress in understanding CBOs and to select appropriate cases for this study required a more disaggregated view. Therefore in this chapter, the author proceeds to analyze and categorize CBO as well as illustrate some examples of the mapping of CBOs according to these categorizations. Lastly, purposive sampling for three case studies is also made from massive CBOs with a justification or criteria as to why they were selected.

3.2.1 Mapping of Community Business in Thailand

Regarding the general definition, community business organization could be identified in terms of locally based membership organization, which are collectively owned, controlled, managed and from which benefits derive to the members. In addition, by engaging in these business activities, members of community business organizations must collectively take all risks. To capture or highlight the roles and functions of these organizations become an enormous tasks because of the lack of a completed data source for investigation. Therefore, to devise another way of presenting snapshots of community business organizations in Thailand, I start

mapping community business organizations by classifying them into various typologies given by previous scholars.

3.2.1.1 Legal Status

Classification of community business varies according to what basis is used. The simplest classification relies on the legal status of community business organizations. Narong (1998a: 51) classifies community business organizations into formal and informal organizations.

Formal community business organizations are those, which are legally registered under current legislation, such as cooperatives, companies, business partnerships and farmers' groups. According to Thai law, these community business organizations are considered as having jurisdiction. While informal community business organizations, such as savings groups, housewives groups and occupational groups do not register legally.

3.2.1.2 Initiatives

On the basis of initiatives, Davies (1990: 110) classified two main models of community business development: the "*professional*" and the "*grass roots*". The professional model applies when the initiative for establishing a community business is taken by professional workers, usually from the government, as a method of alleviating the problems of local poverty. However, professionally developed businesses tend to remain in the hands of the initiators who find it difficult to hand over control to local residents. Some examples are cooperatives, farmers' groups initiated by the Department of Promotion of Agriculture, and housewives groups initiated by the Department of Community Development, Pan Mai weaving group in the Northeast initiated by an NGO.

The grass roots model applies when the initiative comes from members of the local community. Typically, these businesses later will require assistance from professionals from outside agencies for support and to provide specialist advice (Davies, 1990: 111). Some examples are Maireang Rubber Farmers' Group in the South and the Naso Farmers' Group in the Northeast.

Congruent to Davies' classification in terms of initiatives which determine objectives of which resources and energies may be mobilized and utilized,

Uphoff (1987: 21) classified local organizations, which could be applied to community business organizations as: 1) Locally initiated: where the objectives are determined by local villagers themselves with little or no outside involvement; 2) jointly initiated: where objectives are determined by local villagers and some significant involvement from outsiders ; and 3) externally initiated: where objectives are determined externally, but then local concurrence and support are gained.

3.2.1.3 Business Activities

This category places its emphasis on business activities conducted by community business organization. Similar to other businesses, generally community businesses activities comprise the following business activities: (Looye and Uphoff, 1986: 12-13)

1) Agricultural processing:

Community businesses of this type include a variety of agricultural products such as fish drying, fruit drying or other kinds of food preservation.

2) Manufacturing:

This type of community business may produce either intermediate products, such as clothing, noodle flour or final products such as cloth, bamboo mats and other handicrafts.

3) Trade and marketing:

These community businesses serve to distribute goods, bring in goods for local production or consumption and take out goods produced locally, such as community stores. They represent mechanisms for forging backward and forward linkages in the production of goods and delivery service.

4) Services:

This type of community business provides services examples -- hotels and restaurants.

3.2.1.4 Organization Objectives

In the study on *"New Dimensions of Community Business in Solving Socio-Economic Problems"*, considering a variety of business services, Pittaya Wongkun et al (1998: 187) classify community business in Thai society into three types as:

1) Benefit-oriented community business:

This community business promotes the gathering of local people in order to pursue profits

2) Community-oriented community business:

This community business focuses on mutual help and assistance among community members as well as participation and human development, including social welfare for the community rather than profits from business ventures; and

3) Community business network:

This community business was emerged from the cooperation among different community businesses. The purposes of networking is for social learning, exchanging information, mobilizing resources for investment and increasing bargaining power.

3.2.1.5 Others

From the experience of the Northeastern NGO-COD (1997: 110-112), community businesses are classified into three major categories. regarding the patterns of emergence and types of activities as:

1) Emerged from networking among occupational groups, such as handicraft networks, alternative agriculture networks, livestock networks, and food-processing networks.

2) Emerged for community benefit, such as cooperative stores

3) Emerged from the private sector. This type of community business emerged from the initiation and support of the business sector such as Bangchak Petroleum Public Company and the community gas station.

3.2.2 Justification of the Case Studies

As seen from examples above, CBOs can be classified differently according to what basis is used in terms of initiatives, business activities, patterns of benefit distribution and type of organizations.

However, in the real world, community business can also be grouped in many other ways, such as in terms of size (large, medium or small), level of organizational development (long term or short term established organizations) or location (northern, central, northeastern or southern Thailand).

In addition, using more than one criterion, which is more complicated, could make classification. For examples, Rangsan Pitipanya et al (1999: 5-6) selected eight case studies from the matrix between business activities and the initiators. In the first dimension, likewise general business activities, community business activities were classified into four types i.e. agricultural, industrial, trade and financial activities. Most interestingly in the second dimension, the initiators were categorized into four types i.e. local people, government agencies, NGOs and companies. This classification included Davies' classification and consideration of the variety of business activities.

As seen from examples of mapping above, community business organizations exist among its diversity of classification. Consequently, there is no one best way to select case studies representing all the different categories. In addition, there is no way to select the cases, which perfectly represent the universe of the study in one study. The major reason is due to the limitations of time and budget. However, at least, the cases must be carefully chosen in order to provide a glimpse into the number and diversity of community business in Thai society.

For the purposes of this study, the author selected three case studies, and they were selected differently in accordance with various characteristics in the three dimensions: business activities, initiatives and the level of organizational development.

By using these three dimensions, the study is expected to reflect an overall picture of community business organizations in Thailand. The type of business activity usually reflects different economic contexts for example, rubber plantations, rice plantations and livestock. Level of organizational development also implies different of community business organizations' learning passage. Looking at young organization will provide what factors are needed at initial stages while learning from long time established community business organizations will transfer lessons learned from long time struggles and what factors contribute to sustainability. As well as concern for the issue of the initiatives, different initiatives from different agencies may result in different characteristics of community business organizations.

From an initial mapping exercise, three case studies have been chosen with a brief justification as follows:

1) Individually initiated CBOs - The new born civil society

This case study will provide an insight into a community business organization at its initial stage. Under individual initiative, Huasamrong community business in Tawung District, Lopburi Province has come to be known among scholars and development practitioners.

2) Locally initiated CBOs – The community rubber factory

This seventeen-year-old community business organization located at Maireang Sub-district, Chawang District, NakornSrithammaraj Province was initiated by a group of local leaders. The business has mainly undertaken the operation of a sheet rubber-processing factory.

3) Company initiated CBOs – The community company dealing with a giant company

A company initiated the Nongwa agricultural village company at Bansong Sub-district, Panomsarakam District, Chacheangsao province more than 20 years ago. Recently, it has registered as a business company in which 50 farmers are the shareholders. (See table 3-1 for brief characteristics of three cases chosen for the study)

Table 3-1 Characteristics of Three Case Studies

Cases	Locations	Major initiatives	Organization Development
Maireang	South	Local	Long-term establishment
Huasamrong	Central Plain	Semi local	Newly established
Nongwah	Central Plain	Business	Long-term establishment

As seen from the above brief description of the case studies, a variety of community businesses is reflected. These case studies yield a vast amount of information, which will provide a better understanding of community business in Thailand.

3.2.3 Methods for Data Collection

The author has conducted fieldwork for the three case studies between August 1999 – June 2000. Different data collecting methods were employed as:

3.2.3.1 Documentation

Documents or archival analysis is rarely used as the sole technique in field research, but it is almost always used to supplement other techniques. The documents include annual reports, financial reports, meeting minutes, organization data, and already prepared statistics, which have been reviewed extensively to gain supplementary data on community business organizations. However, there is the problem of book keeping records for the three case studies. They are incomplete and in some cases unavailable.

3.2.3.2 In-depth Interviews with Key Informants

As the name indicates, such interviews involve selected individuals, who are in a position to provide the needed information, ideas and insights. These interviews can often provide more insightful data as well as the context of the study. As Kumar (1989: 8-20) mentioned, key informants are selected because they possess special knowledge or insights in a particular topic. According to this study, key informants most likely include people who can shed light on the subject, such as group leaders, villagers, local government officials and other relevant players. A different number of key informants in each case are interviewed depending on the completion of the data.

3.2.3.3 Direct Observation

This is a useful tool for the primary assessment of data verification and also for more details of the context. Observation will be made before, during and after the interviews as well as in some specific occasions. During the interviews, the nonverbal behavior will be observed to compare it with the verbal accounts. Other observations will include the location, physical appearance and transactions between people.

3.2.4 Data Analysis

Content analysis is used as a major technique for qualitative data. It focuses on isolating, and examining themes, and patterns.

3.2.5 Triangulation for Validating Data

Webb and others (1966: 30) suggest a triangulation technique in data collection to ensure validity. Triangulation refers to the study of the same phenomenon from different angles or different sources of information. It ensures validity of the data in a qualitative approach.

3.3 Survey Methodology

3.3.1 Sampling Methodology

Samples for survey are selected from name lists of community business organizations around the country. The samples are selected from the lists by stratified sampling technique in accordance with region and type of community business organization. As a result, questionnaires were delivered to 560 community business organizations.

3.3.2 Data Collection Method

The survey was conducted between February - March 2001. By using questionnaires, it was easier to reach wide samples, to impose uniformity by asking all respondents the same questions and to make data compilation and comparison among respondents easier. The questionnaires were delivered by mail. The author attached cover letters to introduce the study and its importance as well as instructions for answering the questionnaire. Attaching a pre-addressed envelope and stamp facilitated returning the questionnaire by the respondents.

3.3.3 Data Processing

A software program, an SPSS version 10.0 (Statistical Package for Social Science), was used for the quantitative data with appropriate descriptive and inferential statistics in accordance with the objectives of the study. Most statistics used for quantitative analysis were percentages and means.

3.3.4 Validity and Reliability

To ensure validity and reliability, before conducting surveys, pre-testing of the questionnaires was required and content validity was guaranteed by expert consideration.

Table 3-2 summarizes all research procedures, data collection and data analysis. (See table 3-2)

Table 3-2 Summary of Research Methodology

Research Phases and procedures	Objectives	Data Collecting Techniques	Samples and Sampling Techniques	Outputs
1. Mapping	To develop a map or profile of community business organizations in Thailand	Written documents Interview	-	A map, a list, or a profile with classifications of community business organizations.
2. Case Studies	To investigate the nature, and characteristics of as well as factors related to community business organizations	Key informant interviews Direct observation	Drawn three interesting cases across categorization of community business organization from the first phase.	Findings from inductive inquiry
3. Survey	To generalize from the findings of the earlier stage	Questionnaires	Drawn samples adequately and representatively across the categorization of community business organizations from the first phase.	Findings from deductive inquiry

Chapter 4

Three Case Studies of Community Businesses in Thailand

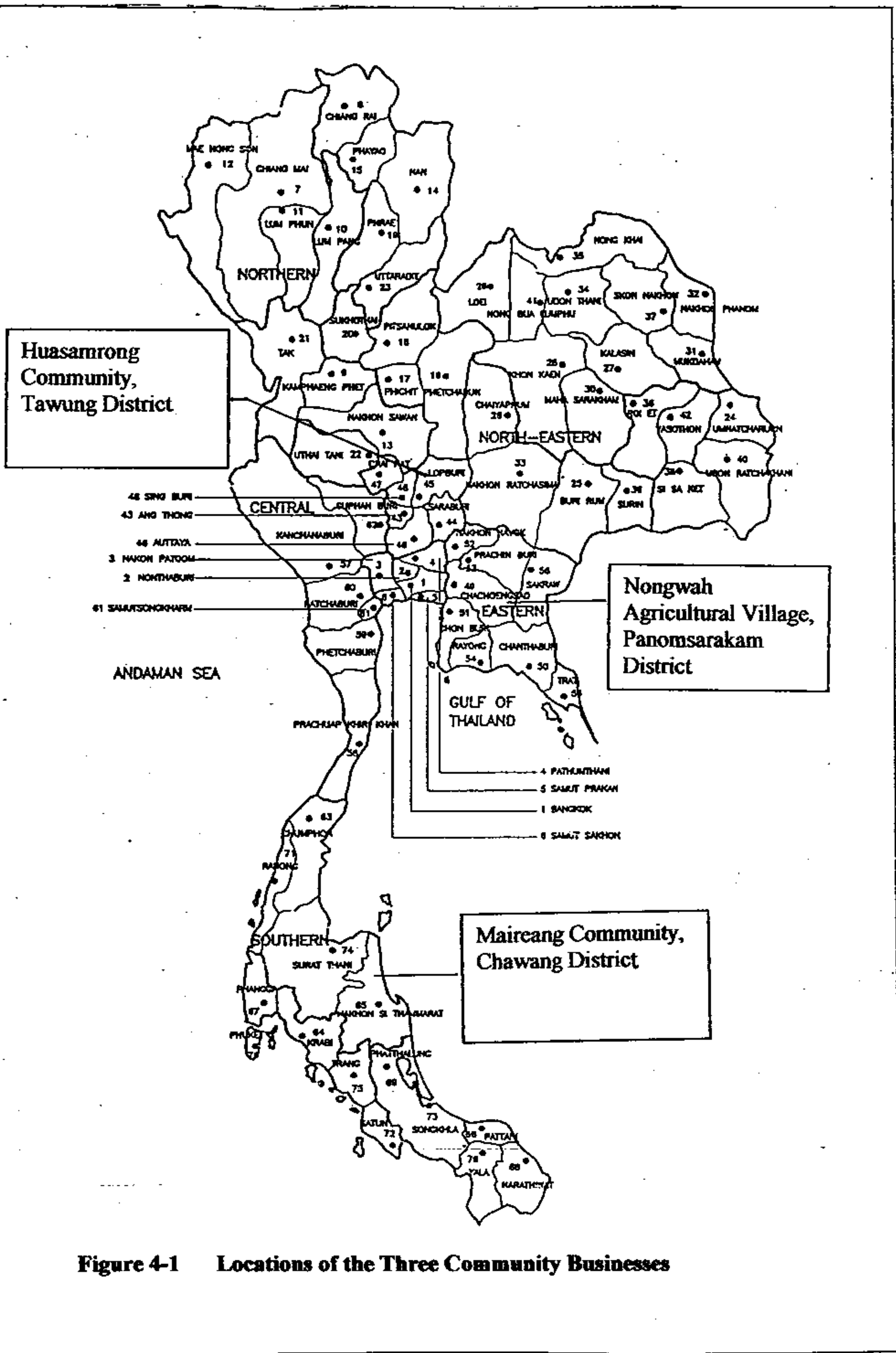
This chapter describes three cases of community business which the author selected for the study. Before analyzing data systemically, in each case the study begins with describing the episodes of community businesses by focusing on their formations and manifestations. The richness of data included data on community context such as physical conditions, socio-economic background, community history and etc. By using deductive method, the author captures some dominant themes emerging from the cases. These themes will be used for further analysis in the next chapter.

As mentioned in chapter 3, three cases chosen are different from one another. Location of each case varies. Maireang community is in the South, while Huasamrong is in the Central and Nongwah is located in the east (see figure 4-1).

Duration for conducting fieldwork of each case is about three to four months beginning in September 1999 until June 2000. The following table indicates period of time for data collection (see table 4-1).

Table 4-1 Period of Time for Data Collections

Case studies	Locations	Period of time for data collection
Huasamrong	Lopburi	August – October 1999
Nongwah	Chacheangsao	November - February 2000
Maireang	Nakornsrihammasaj	March – June 2000



4.1 Maireang Community: Locally Initiated Community Business

4.1.1 Community Profile

4.1.1.1 Location and Physical Condition

Maireang is a small sub-district (Tambon) of the Chawang district (Amphor), Nakornsri Thammaraj- a province in southern Thailand. The Tambon's total area is 45 square kilometers consisting of nine villages of which one is a municipal area. (See figure 4-2 and 4-3)

The community is about 30 kilometers from Chawang. Thousands of rubber trees line the road through the middle of the community in rows.

Maireang is located in a valley. The topography is undulated with an average height of 400 metres above sea level. It also consists of a plain near a mountain called *Kao Soon*. The climate of this sub-district is tropical between 24 C to 29 C. The average rainfall was estimated at about 2,794 mm per annum. Physical conditions in this region are considered suitable for agriculture especially for growing rubber trees.

Maireang community is easily accessible. The railway that passes through the middle of the community is a major line from Bangkok to southern Thailand. Trains from and to other provinces nearby, such as Songkla and Suratthani stop daily at the Tambon's railway station named "*Tan Por*" station. Also, a two lanes asphalt road connects Chawang district in Nakornsri Thammaraj to Wiangsra in Suratthani.

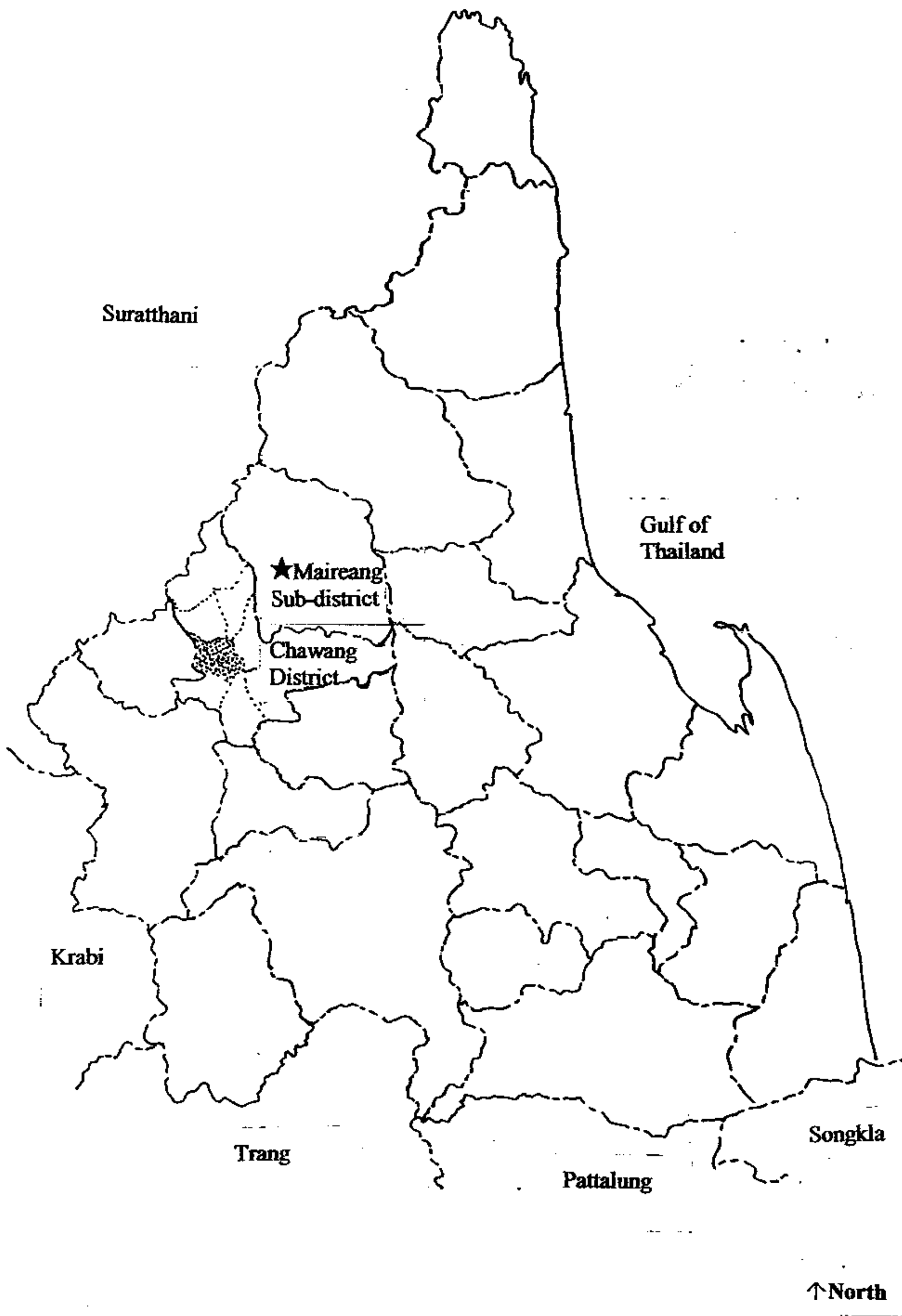


Figure 4-2 Map of Nakornsri Thammaraj Province

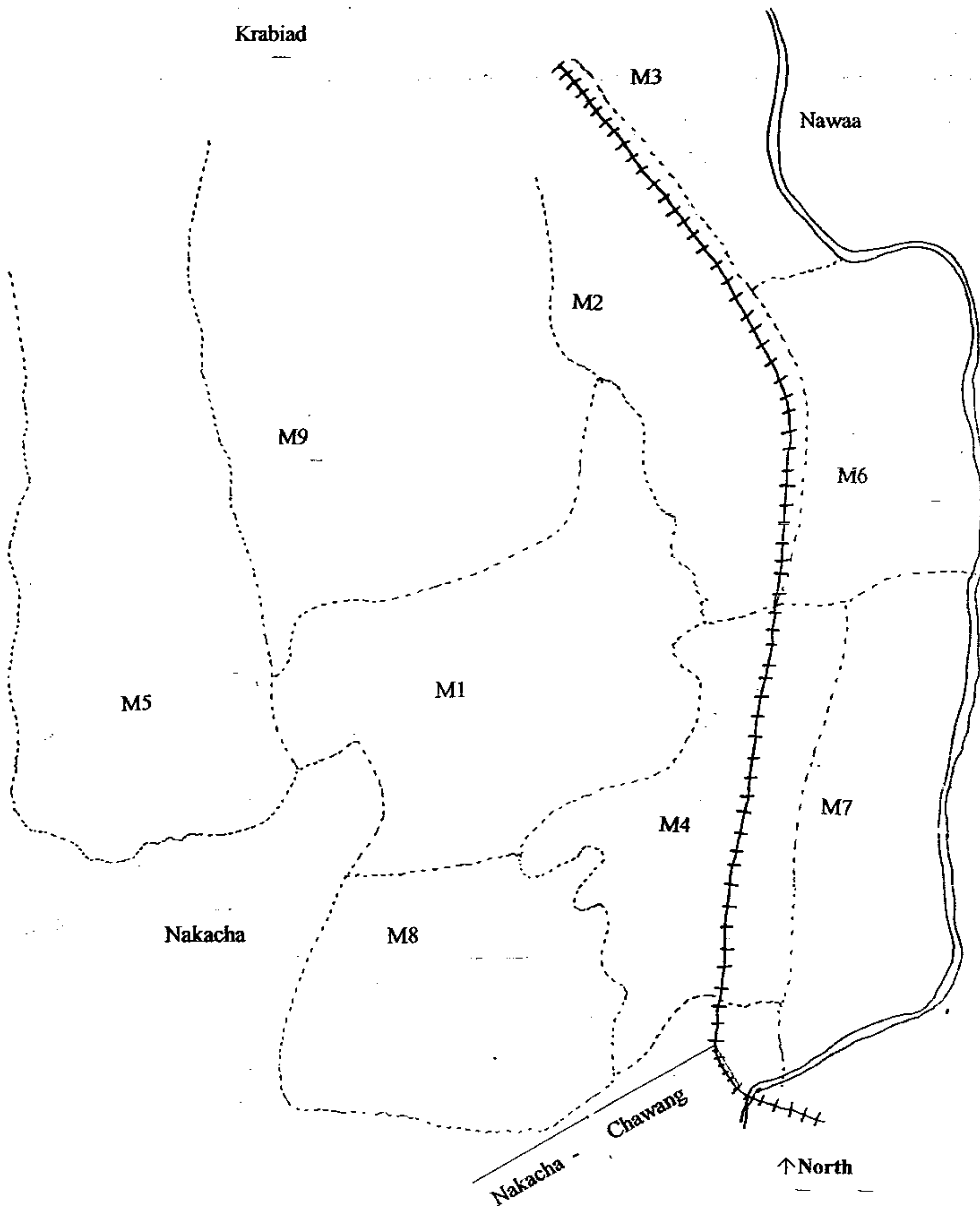


Figure 4-3 Map of Maircang Community

4.1.1.2 Historical Background

The Maireang community can be traced back to the reign of King Rama V in 1897, more than a hundred years ago. Maireang community began its official history when the king reorganized administrative system, create and designations as village, Tambon, Amphor and province. Historically, the area had been called "*Ban Tung Dok Mai*" or flowers field. Later "*Tung Mai*" or fire field was another name given because this area had fires in every dry season. Another name was given when the King sent his representative to govern Nakorn Srithammaraj province and the officers came to survey the area. They named the area "*Maireang*" or the tree lines because they saw the lines of tree on the hill.

Tambon Maireang is located on the plain near the mountain called *Kao Soon*. In the past, there were few families lived in the area. Most people had moved here from Pattalung, the nearby province in the south.

At that time, the villagers were self-sufficient. Subsistent villagers grew rice for their own consumption in a small field, supplemented by growing rubber and fruit and fishing. The Maireang hills covered with tropical rain forest and rubber forests where rubber trees were grown alongside fruit trees and other plants, giving food and forage to local villagers.

In 1962, a turning point of Maireang community occurred when a storm caused destruction of people's lives and assets. Destructive landslides at Maireang contributed to the loss of property. Most people lost their livelihood since all plants were uprooted by the storm.

After destruction by the storm, rubber trees of a high yield variety almost completely replaced the uprooted plants in the plantation area due to the government's promotion of rubber for export. The government aid scheme to replant high yielding rubber trees has influenced and changed the Maireang economy. The scheme also financed a shift to high yield varieties. The replantation program functioned efficiently so that rubber farmers who participated in it made substantial changes in their way of life. They had to adopt relatively intensive cultivation methods and commit themselves to the use of fertilizer. From the farmers' points of view, rubber growing is easier and more reliable compared to the cultivation of rice or

fruit trees. As a result, plantation for self-sufficiency in Maireang was totally changed to plantation for commercialization.

4.1.1.3 Demographic Information

Currently, total population of Maireang is about 6,430 of which 48 percent are male and 52 percent are female in 1,382 households totally.

(See table 4-2)

Table 4-2 Demographic Characteristics of Maireang Community

Village	Households	Male	Female
M.1	154	333	379
M.2	171	434	433
M.3	185	347	362
M.4	129	301	286
M.5	197	459	469
M.6	118	206	348
M.7	122	255	273
M.8	203	535	560
M.9	103	218	232
		3088	3342
Total	1382	6430	

Source: Kajorn Thipapong. 2000. **History of Tambon Maireang, Amphor Chawang, Nakornsrihammaraj.** (Mimeograph in Thai)

4.1.1.4 Socio-economic Conditions of Maireang

The area of Maireang is dominated by rubber plantations (*Suan yang*). Most people's living depends on rubber production. The land use of the area is detailed in table 4-3.

Table 4-3 Land use in Maireang

Land use	Size	
	Rai (1 Rai = 2.5 acres)	Percentage
Rubber Plantation	13,969	52.26
Rice Plantation	5,728	21.43
Fruit Orchards	3,530	13.20
Settlement	3,498	13.08
Total	26,725	100.0

Source: Kajorn Thipapong, 2000. **History of Tambon Maireang, Amphor Chawang, Nakornsrithammara.** (Mimeograph in Thai)

In 1999 per capita income of the Maireang community is approximately at 25,000 Baht a year compared with national per capita income of 73,771 Baht and Nakornsrithammara per capita income of 39,615 Baht (Kajorn, 2000: 9 ; NESDB, 2000: 1,4). Only one percent of its population finished university education while 85 percent were at primary and secondary level (NESDB, 2000: 10)

4.1.2 The Emergence of Maireang Rubber Factory

After the storm disaster in 1962, farmers at Maireang have become heavily dependent on the rubber plantation. There has been a massive change in the Maireang community from subsistence agriculture to cash-crop rubber. Most of the area in the community has been utilized for rubber planting. Only some families particularly in the area which is not suitable for growing rubber trees such as in M2 still grow rice due to traditional practice.

As rubber trees can be tapped almost every month of the year, rubber farmers receive cash from selling their product regularly. The crop provides a steady income but it relied greatly on exports and world markets.

The rubber plantations create work for local villagers, although they often receive uncertain returns due to uncertain market demands and uncertain weather. As seen in 1968, six years after the disaster, there was a downslide of rubber prices. The price of rubber declined remarkably. The farmers had rubber prices at 5-7 Baht per kilogram. Many farmers were inevitably stuck in debt crisis and bankruptcies.

Rubber farmers in a great need of cash sold their land to people from outside the community such as Chinese businessmen (*Thawkaa*) and became daily low waged labors.

The attempt of government through the Department of Promotion of Agriculture pushed to solve this problem by supporting the establishment of farmers' group for improving the quality of rubber sheet. The government assumed that increasing the output quality would result in increasing the demand and the price of rubber.

4.1.2.1 Self Diagnosis and Self Prescription

Despite those attempts, the difficult situation still remained. At that time, farmers at Maireang felt the urgent need to confront the problems for survival.

The first attempt was in 1982, when Prayong Ronnarong and his friends in his mutual labor exchange group (*Share rang-ngan or saw mu*), the local traditional group which was based on mutual assistance among villagers in rubber cultivation and plantation, started to discuss among themselves about their lives.

Discussions mainly focused on analyzing what the problems were currently affecting their livelihood; what the possible causes were of those problems and who would be involved in problem solving process.

From discussions, the first question that arose was:

Why are rubber farmers poor and becoming poorer while most of merchants, middle men and factory owners are rich and becoming richer from the rubber business? (Prayong, 1999. Quoted in Seri, 1999: 10)

Their goal concerned the very mainstay of their livelihoods. Long engaged in the commercial cultivation of rubber, they saw themselves involved in a rat's race in which they were always on the losing end. To earn income, the farmers had to work hard to collect the latex and process all the latex to sheet rubber which later they were pressured to sell at the lowest price. No matter how hard they worked, the end results remained the same - indebtedness and poverty.

For the question of who would be involved in the process of problem solving, the farmers realized the initiatives would be theirs:

The only way to survive is to depend on ourselves. We cannot ask and wait or even demand government to help us because this is our problem and it is happening directly to us and our lives. We know best about the problem, a situation which we can learn from. Therefore, instead of passive action, we must become proactive and a part of the problem solving. (Prayong, 1999. Quoted in Seri, 1999: 10)

The farmers realized that sheet rubber processed from fresh latex by local farmers was sold at very low prices. The farmers began to study the market price of rubber from its origin at their community to Klong-toey, a place from where rubber was exported. They surprisingly found that there was a great difference in the market price between Maireang and Klong-toey. The difference was about 5 Baht per kilogram at that time. The farmers learned that the money was going to the middle man, many levels of middle men – from local middle men to exporter.

Said by Prayong Ronnarong, founder of the factory:

The middle men would lower the rubber price to squeeze profits out of us. (Prayong, Interview on March 10, 2000)

From the farmers' discussions, other realization came to were their disadvantages from lacking of education and information compared to middlemen and other profit seekers in rubber industry. The farmers knew only how to grow rubber trees and process sheet rubber but did not know about management and the market situation. Therefore, without any concern for market demand information, farmer's rubber production was hardly well suited to the market situation.

Farmers are only naïve producers. For example, world market demands the third degree of smoked rubber for rubber tire industry. Instead of producing what the market need, farmers produce another kind of dried rubber because they do not have the right kind of information regarding market demands. The farmers lose because production cost for this kind of rubber is more expensive and cannot be sold. (Prayong, Interview on March 10, 2000)

Another idea generated from panel discussions was the problem of the quality of the sheet rubber processed by local farmers. Based on farmers' earlier experiences when Maireang won the best sheet rubber award in the province awarded by the Minister of Agriculture and Cooperatives in 1967. At that time, because the sheet were of the best quality, the middle men purchased all the winning sheet rubber at a better price than the current market price.

Therefore, the farmers came to know that prices depend on quality. Poor quality sheet rubber brought low price and quality of sheet rubber produced by individual rubber farmers manually was relatively low. Concerning this issue, the farmers of Maireang collectively searched for the solution to quality improvement.

The solution was to establish a farmers' rubber factory. By using machines for processing, the farmer could yield higher quality control for sheet rubber processing with standard procedure at an economy of scale. Therefore, because of their ability to produce excellent quality and their knowledge of market situation, Maireang sheet rubber would be always in market demands.

Everybody needs good quality of sheet rubber. If we produce the best, we will get the better price (Prayong, Interview on March 10, 2000)

At the same time, instead of selling the products to local middlemen individually, the farmers could be able to cut costs and increase the product price by selling products collectively. The effort of group organizing was expected to result in the increasing the farmers' bargaining power and their ability to shift market channel from local middlemen to regional businesses or even to exporters.

After achieving consensus on problems and possible solutions, the Maireang villagers took a bolder step. A first group of five rubber farmers led by Prayong Ronnarong launched the first feasibility study of a farmers owned rubber processing factory. Said by Prayong:

The villagers came to the conclusion that the best thing to do was to start their own rubber processing factory. (Prayong, Interview on March 10, 2000)

Requested by the farmers, in 1982 the first field trip organized by the Provincial Agriculture Office was to visit the Nabon government rubber factory located nearby the Maireang community. The officers at Nabon showed and explained the working system of the rubber factory in a great detail. The farmers realized the possibility for setting up a rubber factory.

In order to sell the thought of a villagers owned factory, Prayong and others in the group began a campaign to persuade and convince other friends in *Sau mu* group continually. At the same time, the price of sheet rubber kept declining. Finally, a group of 12 farmers was organized and they planned to arrange a study trip to Nabon again in the same year.

This time, the farmers prepared themselves for the study trip intensively. All information needed was obtained and analysed systematically. Lessons learned from the Nabon factory built the farmers' confidence in the idea of establishing their own rubber factory. Based on their life time experiences of rubber processing, the farmers had confidence that the operation of a rubber factory with modern machines would not be difficult.

However, the 12 founders felt the operation of Nabon factory did not fully satisfy their needs because it was a government enterprise which was considered not efficient. In addition, every pieces of machinery and equipments of the Nabon factory were old fashioned. The villagers therefore searched for another business-owned factory. They made a request to the chief of the Chawang District Agriculture Office to arrange their study trip to privately owned rubber factory.

The study trip to the business factory was arranged without the willingness of the owner. In the matter of competitiveness, the operation of the business factory was considered a business secrecy. However, regarding the culture of "*Kreng Jai*", the concerns of not imposing on others, and the relationship between the Agriculture Office and the business factory, the factory inevitably allowed this trip.

Aware of the factory need for secrecy, the Maireang farmers planned to memorize and jot down everything they discovered and saw in the factory. When the time arrived, as expected, the business factory did not fully disclose the complete operation of the rubber factory but the farmers were prompt in handling the situation.

Everybody got pencil and paper. We tried to put everything in our notes and minds. (Prayong, Interview on March 10, 2000)

After the study trip, the farmers held a meeting for sketching a blueprint of the rubber factory. The use of brain storming was adopted during the meeting in order to complete the whole picture.

Major concern at the time was how to mobilize money for investment. Lessons from Nabon government factory and the private factory that the villager had learned from field trips revealed that the farmers needed to invest at least about 10 million Baht. This starting capital was far beyond from the farmers' capability. Said Prayong:

We felt desperate at first. Ten million Baht is such a huge amount of money that none of us could not even dream about it. (Prayong, Interview on March 10, 2000)

However, another idea came up during a meeting. Prayong proposed:

What if we scaled down the factory size so we could afford the capital for investment. (Ronnarong, Interview on March 10, 2000)

The farmers held planning meetings. Because the farmers had limited in capital, the original projection of a 10 million Baht capital fund which would result in the production of ten tons a day was reduced to 500,000 Baht with the productivity capacity of half a ton per day.

However, a cash flow problem arose during their discussions. To make the breakeven point under productivity capacity of half a ton per day, the group had to stock products until the delivery date. Because at least 13 tons are required for a truck delivery trip, to be worthwhile, each business transaction had to take place in a month until payment. Since it was not possible for the rubber farmers to be paid for in a month, the farmers had to invest inevitably at least 1 million Baht of a starting capital.

Among those challenges and problems, the leader comforted:

If there are any problems, it's better to confront them before we begin. So we can control the situation (Prayong, Interview on March 10, 2000)

After determining of the least amount of starting capital, the farmers started to mobilize for capital from other friends, families and cousins by continually building common ideas and understanding of the necessity and advantages for launching a people's business, such as:

- 1) Strengthening local bargaining power: With collective efforts, the farmers would be able to bargain a price more powerfully than with efforts made by individual.
- 2) Efficiency: Normally, after gathering fresh latex for five hours, the rubber farmers must spend at least three hours for air-drying the sheets. But the factory would dramatically reduce the working hours of rubber farmers. Therefore, the farmers would be able to increase income by having a supplementary occupation.
- 3) Quality control of product standards: As mentioned earlier, producing sheet rubber by machine is more controllable than the hand made process. As a result, the standard of production would result in increasing the rubber quality and eventually bring a higher price sheet rubber.

For the above reasons, which were explained to other villagers, two years later, the first one million Baht were collected from 37 members. Twenty thousand shares were sold at a price of 50 Baht per share.

4.1.2.2 Building of Group Identity

With successfully mobilized seeding funds, the factory construction was completed two years later. Before factory production, the villagers realized the need to register the group as a legal entity. A variety of legal business forms, ranging from a company, a commercial partnership, a cooperative to a farmers' group were considered. The group decided to organize themselves as a "Farmers' group" (*klum kasettakorn*) under the Ministry of Agriculture and Cooperatives. Prayong said:

Actually, we can register as a company but we feel that what we made should be under the name farmer or peasant. Then, we might be able to inspire other local organizations to form businesses. This is a business of

farmers not capitalists (Prayong, Interview on March 10, 2000)

However, all things do not go as smoothly as they should. When the founders filed their request for establishing a farmers' group in January, 1984, the Provincial Agriculture Office denied their request and explained that:

Most farmers' group collapsed. We didn't want Maireang to be another mistake. (Prayong, Interview on March 10, 2000)

Even though, the farmers' request was turned down, they still insisted on the idea of being business of farmers. Fortunately, one day, the governor of Nakornsrihammarj came to the community. Prayong and other founders came to meet the governor and made the request again.

The governor asked me. "Do you know why the provincial office denied your request"? I told him "most farmers' group collapsed because they formed themselves by borrowing loans from the government. Then after receiving the loans, and no one assumed responsibility for the loan. But Maireang is totally different. We want to have our own business, the local farmers' business. And we're ready to have with the capital to start. . (Prayong, Interview on March 10, 2000)

In the day after meeting with the governor, Maireang was informed by Agriculture Office to prepare all documents required for registration as a farmers' group. The group was registered on June 1, 1974, two years after their first visit to the Nabon factory. The factory started its production on October 20, 1974. It was the first community rubber processing factory, having 37 co-founders and with a production capacity of 1000 kilograms a day.

4.1.3 Being Entrepreneurs

When they first raised the possibility of launching their own business, other Maireang villagers were skeptical that the enterprise would ever become successful. Such question "how could farmers with only a couple of years of schooling run a

sophisticated factory which requires staff skilled in accounting, marketing and factory technology?" spreaded around the community.

4.1.3.1 Resource Mobilization

At the beginning, the group had difficult raising funds. With the efforts of 12 members, finally the group started its production with a capital of 1,000,000 Baht mobilized from 37 founders or 20,000 shares, at a total at 50 Baht per share. During the time when funds were being raised, the leader, Prayong donated a piece of land of his family, located near his residence, for the site of the factory. Meanwhile, he built common understanding and confidence among the 37 founders by saying:

We must have commitment and real intention to build our own factory. If we succeed, we can earn more income. (Prayong, Interview on March 10, 2000)

By building trust and understanding, all founders committed to pay their share values. In 1984, after 250,000 Baht were mobilized, the shareholders were not able to pay due to the seasonal unemployment, which lasted for three months. Therefore, the factory started its operations three months later when the first 500,000 Baht was mobilized successfully.

The first amount of money was the starting capital for construction and some necessary machines and equipments. Prayong said:

We spent the first 500,000 Baht on factory construction, machine and buying latex from members. So, the members don't have to process rubber sheet by themselves. (Prayong, Interview on March 10, 2000)

After the first operation in 1984, the farmers' group collected the remainders of share by debiting money from the members' payment for fresh latex. Consequently, during the first three years, the group was not able to collect all its share values until 1987. (See table 4-4)

Table 4-4 Amount of Funds Mobilizing during the First Stage of Maireang

Year	Items	Values
1983-1984	Land	Donation
	Factory construction	250,000
	Machine, equipments and operation costs	250,000
1985-1986	Machine, equipments and operation costs	250,000
1987	Machine, equipments and operation costs	100,000
	Revolving costs	150,000

Source: Data collected by the author.

The factory has been operated under “*Maireang Farmers’ Group*”. Working procedures simply based on the principle of buying fresh latex from members, processing fresh latex to dry sheet rubber in the factory and then selling to businesses.

4.1.3.2 Management Scheme

Organization Structure

With regards to the Farmers’ Group Act (Announcement No. 140,141), the group is supervised by a set of executive board comprised of president, vice president, secretary, treasurer and public relation. The board members have to be elected from members every year. The bylaws also specify the roles and responsibilities of members and elected board.

Under the board, management of the group is the responsibility of the factory manager who is paid by the group. In addition, the manager is the group’s secretary by his position. The management staff consists of a manager’s assistant and a cashier as well as daily wage laborers in the factory. (See figure 4-4)

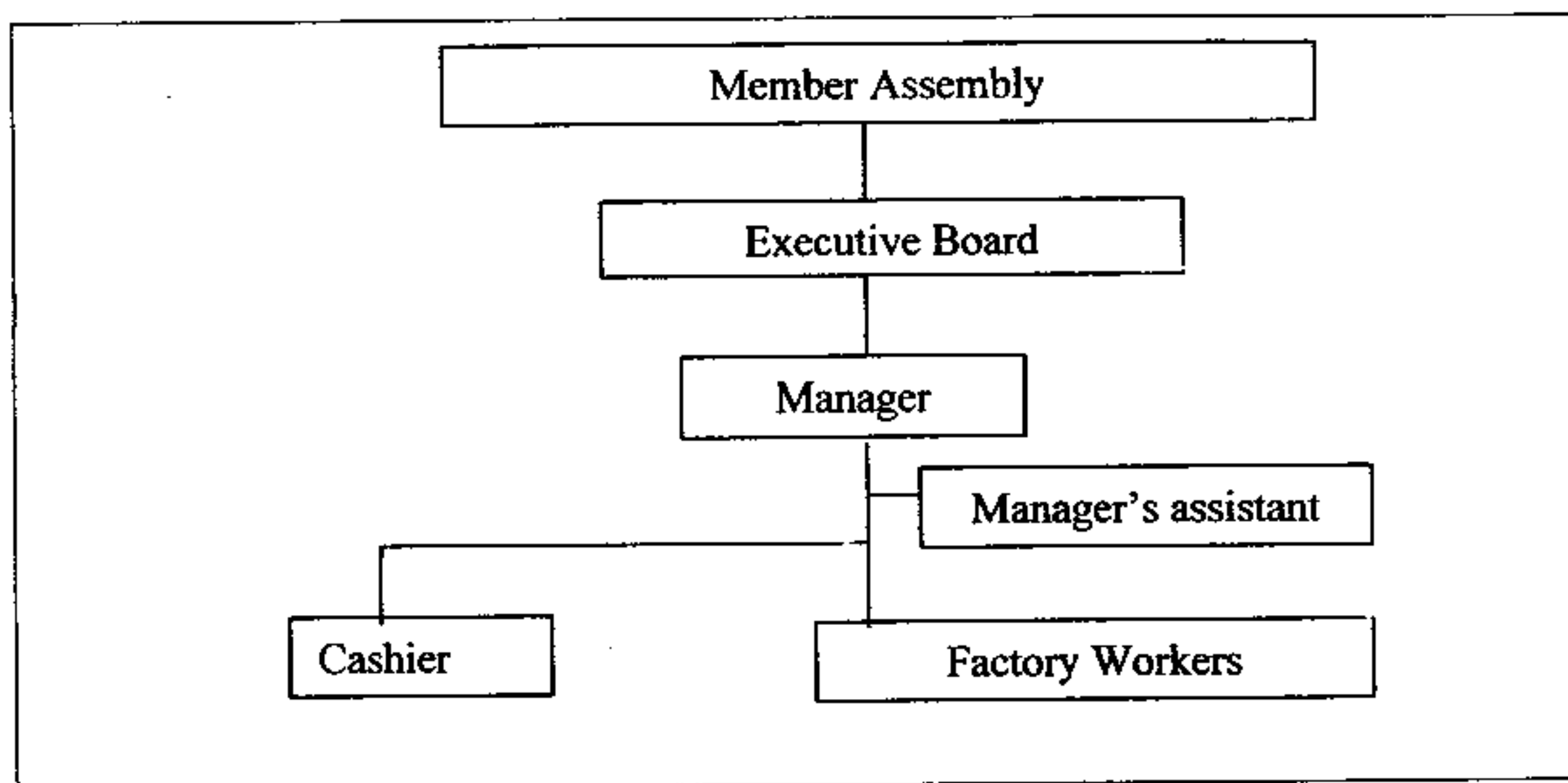


Figure 4-4 Organization Structure of Maireang Rubber Farmers' Group

Beside the laws, the management of the group is guided by its operational plan. The general assembly of members initially meets to approve the operational plan and the audited financial statement every year. The operation plan provides guidelines for group activities.

The executive board meets informally at least once a month and more frequently in case of need. The board makes decisions on the important matters such as distributing channels, marketing strategy, quantity and kinds of products needed to be produced.

In addition to the internal organizational structure, the, Maireang Farmers' Group has located itself among other organizations in the community. As a part of the group's operational plan (1997-2001), the group established its position as coordinating, cooperating and building linkages with other groups (See figure 4-5).

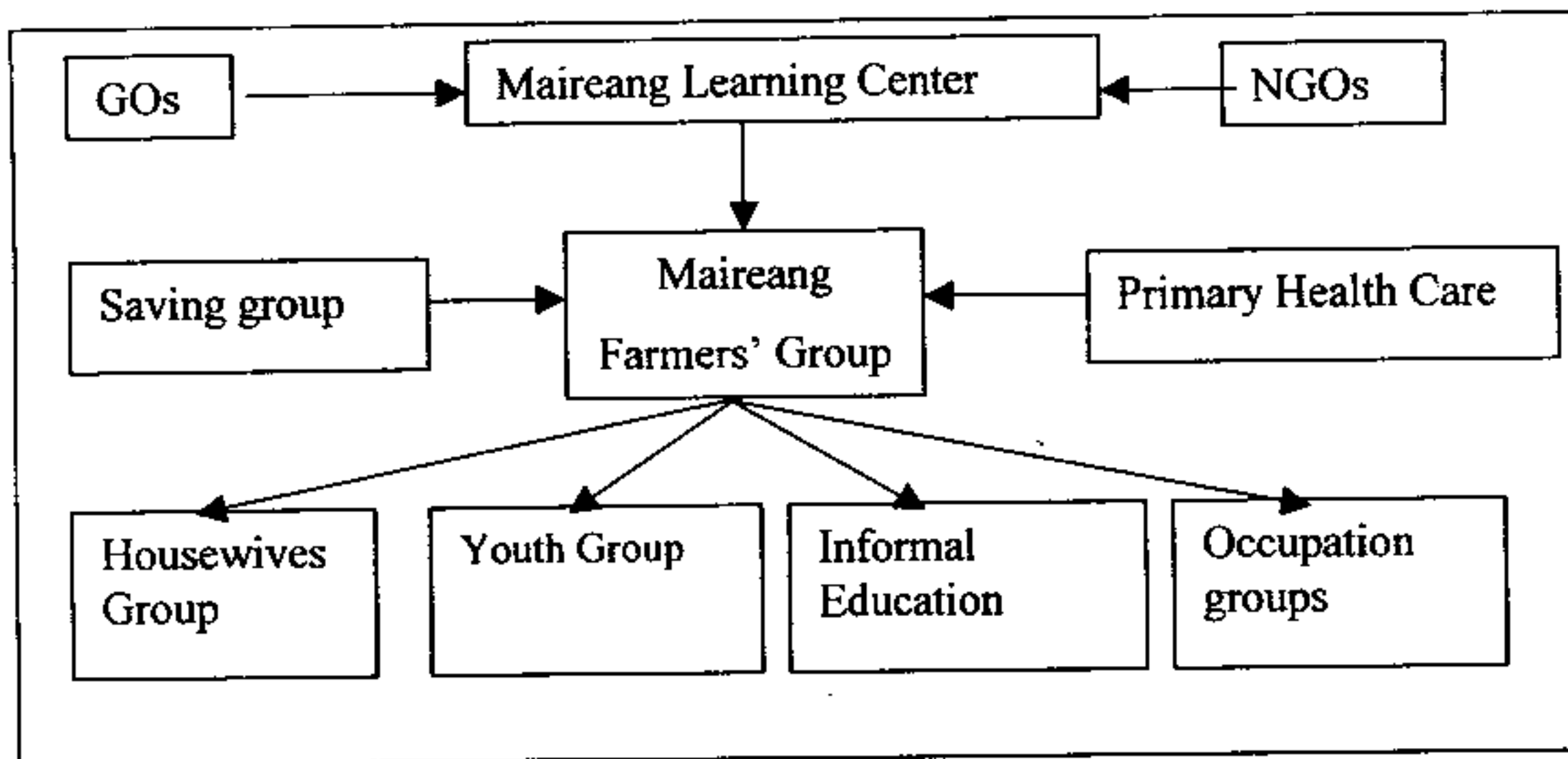


Figure 4-5 Organization Chart of Coordination among Maireang Farmers' Group and other Groups

Marketing

When the factory first started its production, the next problem of marketing arose. Earlier, at the beginning, the farmers were concerned with the issues of middleman and the quality of the sheet rubber. Therefore, the group focused on cutting costs by cutting out the middlemen and assuring price by high exercising a high standard of quality control. However, there was no plan for marketing.

Likewise other rubber farmers, earlier at the initial stage of the farmers' group in 1984-85, products of the Maireang were sold to merchants at Nabon every 15 days. However, income from sales was still low and not enough for even profit sharing among the farmers. Prayong mentioned:

Our produce was sold to merchant at Nabon. We had income problem and not be able to earn profit.
(Prayong, Interview on March 10, 2000)

Realizing that selling to exporter would gain more profits, Prayong attempted in 1985 to obtain a list of rubber exporters from the Department of Commerce where his brother had been working. Finally, the group had a list of 14 exporting companies. Prayong selected 14 samples of the best quality sheet rubber and distributed these samples to the 14 companies on the list.

Prayong further added:

I got a list of 14 exporters. Then I cut a rubber sheet into 4x4 inches pieces and put each piece in a plastic bag with the name and contact address of the Maireang group". (Prayong, Interview on March 10, 2000)

As a result, after sending samples of sheet rubber, six companies responded. Prayong said:

Managers of six companies came to Maireang. They were very satisfied with our products' quality. Meantime, world demands for our kind of sheet rubber were high and supplies were low. So, it was a moment of opportunity. (Prayong, Interview on March 10, 2000)

The visit of six companies encouraged the Maireang group to pursue the market channel. However, without any experience in trading with exporters or big companies, the farmers formulated three strict conditions for assuring their return in investment: 1) sale price must be higher than the market price by 2.20 Baht; 2) all transportation costs must be the responsible of the company [buyer or seller?] and 3) there will be no contract and commitment binding Maireang to only one purchaser. Instead, the framers' group would select their trader from the best price offered through a bidding process.

We were so scared of trading. We set all rules for preventing us from losing profits. What if the merchants first agreed to buy but denied or would not pay later. Our rules would help shield us. (Ronnarong, Interview on March 10, 2000)

Although the rules were strict, all six companies accepted all conditions. As a result, Maireang farmer's group gained more income and higher profits.

Since no commitment tied the group to any one company, when market demand declined, Maireang faced a problem emerging from the rules.

Our income at the beginning was remarkable. Companies competed to purchase our products. But in

1986, the market price declined. Only a small order came to us. We were in trouble because we didn't have money to buy latex from our members (Prayong, Interview on March 10, 2000)

Regarding the farmers' analysis, income security became the most necessary condition for the group. Then, the group attempted to handle the situation by changing the third rule. Thai Hua Co. Ltd. was chosen to be the group's commercial trader. The group selected Thai Hua Co. Ltd. Because, based on the group's experience in previous trading relationships, this company was the most reliable trader and was a major exporter. Later, a verbal contract was made between the company and the group to assure the purchase price and product specification. In addition, it was agreed that a purchase agreement was to be made before the purchase date of at least 15 days.

For 10 years, during 1988-1995, the group continually made purchasing contracts with Thai Hua Co. Ltd. From time to time, Even though, it was only a verbal contract and never been written down between two parties, there was no history of breaking the contracts. The group had focused on keeping its credit and reputation rather than maintaining profits. For examples:

One time, it was raining continuously for more than 10 days and we could not gather enough fresh latex to produce sheet rubber. But we had to send our products on the exact date in a few days. We solved problem by purchasing fresh latex from other communities and bought sheet rubber that met our standard. (Prayong, Interview on March 10, 2000)

During the time of the advanced purchasing agreement, the price offered by the company was higher than the local market price due to a great world demand of rubber. Thousands of packages of 33.3 kilograms of dry sheet rubber from Mairang were transported to the Klong-toey port in Bangkok directly.

After the contract was made, the farmer's income became more stable. Compared with the time before the group establishment in 1984 when the farmer had had as their average income less than 20,000 Baht a year, during 1987-1995 the farmer gained about 40,000 Baht in average.

However, the world demand of dry sheet rubber has been decreasing since 1997. The products of Maireang have been continually purchased at lower prices. In the same year, the group temporarily halted commercial agreement with the exporter, Thai Hua Co.Ltd. Since then, the group has turned to local markets and trade with regional traders who offer lower price than the exporter.

Working Procedures and Factory Productivity

The factory working procedures begin with purchasing fresh latex from members. Every morning at about 6-10 a.m. members of Maireang farmers' group go to the factory to sell fresh latex. Fresh latex will be first examined for quality by measuring the level of latex concentration. While processing latex into sheet rubber, the factory retains a 50-gram sample from each member's fresh latex to determine the level of latex concentration. Every sample will be labeled with the member's ID. And purchase date. These samples will be stored for three months as a reference for members and the factory. (See examples of calculation table 4-5)

Table 4-5 Example of Concentration Test

Weights of Fresh latex (kgs)	Dried rubber sheet (from 50 grams sample)	Percentage of Concentration (PC) (Weights of dried samples x 2)	Total weights of dried rubber sheet (PC x latex weights)
100	20	40	40

Source: Data collected by the author.

The purpose for determining latex concentration is due to the differences of latex concentration among rubber farms and to prevent diluted latex. Therefore, weights of dry sheet rubber accounting for latex concentration have determined the amount of payment in accordance with the group's purchasing price, which has been classified into three categories:

- 1) **Market price:** Generally, the group purchases rubber at the market price for second grade of dry sheet rubber at Hat Yai. Compared to the market price of fourth and fifth grade of dry sheet rubber at Hat Yai offered by other local middlemen, the group has

offered a higher price to farmers. Every morning before operations, the market price is checked and written down at the factory gate.

2) **Guaranteed price:** When the market price is low, the Thai government has policy of guaranteeing the price. In this case, instead of purchasing at market price, the group will purchase at the government guaranteed price.

3) **Fixed price:** When the group makes an advanced purchasing agreement with the company, the group will purchase rubber from farmers at a fix price depending on the conditions of purchase.

At the factory gate, there is a station for examining the latex. A purchaser weighs the latex and its concentration. The most up-to-dated market price of sheet rubber and the purchasing prices as well as the purchasing regulations for fresh latex are declared and written down on the announcement board.

Then the remaining fresh latex, after retaining the 50-gram sample, will be further processed. Each step of the process is undertaken by factory workers and closely supervised to control its quality. The production process requires about 1-2 hours. The final step of production, choosing between air-dried or smoked dried depends on market needs. End products of sheet rubber sheet are stocked until the date of purchase. (See figure 4-6 for working procedures)

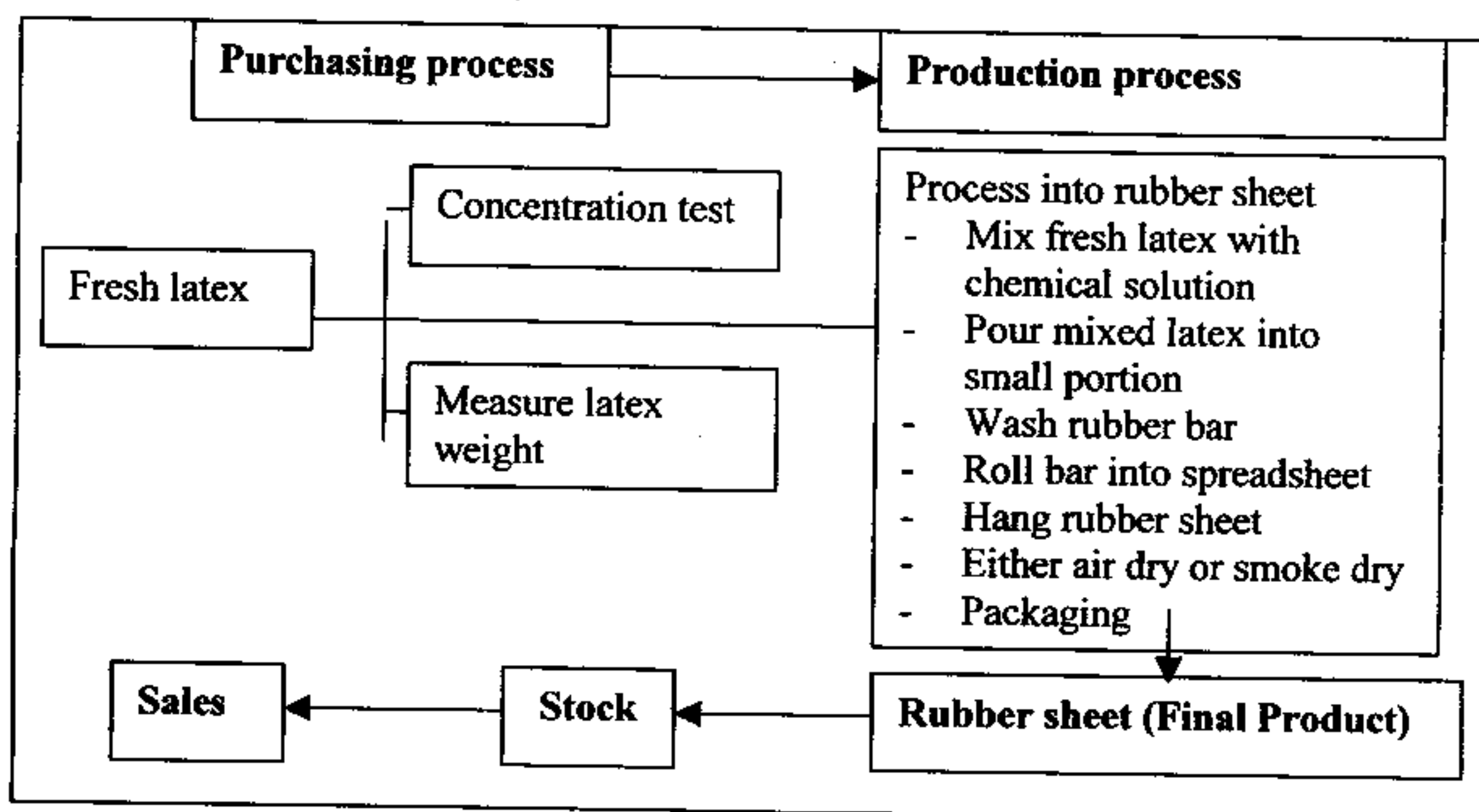


Figure 4-6 Working Procedures of Mairiang Rubber Factory

In every step of the process, the manager assigns a specific duty to a specific worker. All workers were trained before beginning their work and closely monitored during the operation in the factory.

Five specific persons are trained and assigned to five important steps of production 1) purchaser and latex quality controller, 2) mixing solution controller, 3) chemical controller, 4) spread sheet controller and 5) final quality controller (selecting of rubber sheet based on its quality).

At the initial stage of the factory operation in 1984, the board members of the group were self-trained and hired four workers for operating the factory at the productivity of 500 kilograms per day. In the next year (1985), when the factory reached the productivity of 1000 kilograms per day, the factory employed eight workers and increased to 12 and 18 workers to reach 1500 and 3000 kilograms respectively. In 1994 the group reached its maximum productivity of 4000 kilograms with 27 workers when it was funded about 4 million Baht by the Department of Agricultural Promotion to build a new factory. At the same time, the group gained another source of income from renting out the old building to the local rubber wood sawmill.

Table 4-6 Productivity of Maireang Factory

Year	Productivity (kgs/day)	Workers (persons)
1984	500	4
1985	1000	8
1986	1500	12
1987	3000	18
1994	4000	27

Source: Data collected by the author.

Financial Status

Currently, the Maireang group's monthly revolving fund is about a million Baht, although, it was noticeable that the group has not shown profits for two years due to the market situation. The operation of the group is still necessary because it is a major channel for distributing income to the farmers directly. In this

way, all members selling fresh latex to the group receive money every 15 days through their bank accounts.

Although the factory has not been able to make profits lately, the farmers trust the operators and have shares in the factory themselves. Another major appeal is the privileges that come with membership in the factory. The factory pays more per kilogram of latex than the market rate. In turn, it sells fertilizers to members at lower than market rates. Moreover, members are entitled to annual dividends based on the number of shares they have.

Table 4-7 Financial Status of Maireang Rubber Farmers' Group

Assets and Liabilities	1998	1999
<u>Assets</u>		
Cash	83,729.19	21,675.41
Debtor	7,940.00	8,536.00
Stocks	1,344.00	0.00
Materials	48,257.00	53,460.00
Other revolving assets	62,662.00	36,204.00
Total revolving assets	<u>203,929.19</u>	<u>119,875.41</u>
Land, building, machine and equipments	1,284,610.01	1,177,748.35
Other assets	149,507.50	136,870.10
Total assets	<u>1,638,046.70</u>	<u>1,434,493.86</u>
<u>Liabilities</u>		
Overdraft account	761,376.65	1,033,821.88
Creditors	79,582.76	131,705.87
Advanced income	264,638.53	0.00
One year debt	288,771.00	309,223.00
Interests	24,258.00	18,069.00
Other liquidations	1,360.00	0.00
Total liquidations	<u>1,419,986.94</u>	<u>1,492,819.75</u>
Long term debts	810,613.00	501,694.00
Total liabilities	<u>2,230,599.94</u>	<u>1,994,513.75</u>
<u>Capital assets</u>		
Share Values	1,086,900.00	1,062,900.00
Reserved fund	128,775.68	394,774.21
Accumulated fund	99,426.00	2,250.00
Sharing profits	66,386.87	66,386.87
Accumulated loss	-1,685,677.68	-1,974,041.79
Net profits/loss	<u>-288,364.11</u>	<u>-112,289.18</u>
Total assets and liabilities	<u>1,638,046.70</u>	<u>1,434,493.86</u>

Source: Maireang Farmers' Group. 1999. **Financial Status 1999.** Mimeograph.

Table 4-8 Balance Sheet of Maireang Framers' Group

Revenues and Expenses	1998	1999
<u>Revenues</u>		
Sales	13,865,589.00	12,333,197.38
Other products and services	150,678.00	17,893.00
Others	<u>25,096.35</u>	<u>41,394.75</u>
Total income	<u>14,041,363.35</u>	<u>12,392,485.13</u>
<u>Expenses</u>		
Fixed costs	564,835.35	407,498.25
Variables costs	13,461,161.44	11,831,402.51
Operational costs	<u>303,731.57</u>	<u>265,873.55</u>
Total expenses	<u>14,329,728.36</u>	<u>12,504,774.31</u>
Net profits/loss	<u>-288,364.11</u>	<u>-112,289.18</u>

Source: Maireang Farmers' Group. **Balance Sheet 1999.** Mimeograph document.

Transparency and Accountability

The factory manager said:

The secret of success is transparency in how we run things. Anyone can come to check on us any time he wants; we are not worried at all. In fact, we want them to come to monitor our work more often. (Chamnan, Interview on April 20, 2000)

Earlier during 1984-1987, the group did not make transactions through any financial institution due to the farmers' current debts emerging from the Bank of Agriculture and Cooperation. The group earlier established a system of payment by making the members' payment after receiving payment from customers. However, a cash-flow problem arose again when the group received payment from customers later than was expected and there was a shortage of reserve funds. Thus, the group was not able to pay for fresh latex from members. On the other hand, the factory needed fresh latex everyday.

To overcome this problem, since 1987 the group re-systemized its financial management by changing the type of payment. Avoiding using cash and using a commercial bank¹ for all transactions instead, all 212 members and employees

¹ Siam Commercial Bank is the only commercial bank located near the community area.

receive direct deposits from the management every 15 day. The amount of money is in accordance with and the quality of the member's fresh latex. The accountant deposits payments for members who sold latex to the group. The amount of money is recorded systemically during buying process.

As a result, the group gained financial creditability from the bank. After that, in 1988, the group requested an overdraft account valued at 300,000 Baht reserved for member payment. Since the group has never made a mistake nor become overdue in its payment to the bank, the group has gained more creditability, resulting in a higher ceiling for the overdraft account -- 500,000 Baht in 1989 and 700,000 Baht in 1990.

Three steps are required for each transaction. First, when the farmers sell their fresh latex, they receive a coupon showing the quantity of sheet rubber processed from their latex. The management also keeps a copy of the coupon. Calculating from the daily market price, members know what their total income is. Second, the management records lists of names, the amount of money and weights of the dry sheet rubber processed from the member's latex in a daily sheet. From this daily purchase date sheet, the management knows who and how many members sold latex and at what cost on a daily basis. Third, in each member's file, the management has recorded the amount of money, market price, weight of dried sheet rubber processed from a member's latex and date of purchase.

Therefore, members receive money in accordance with the record in their file every 15 day. At the same time, information recorded on daily, bi-weekly and monthly basis is useful for business planning. The management has been able to keep track on the group's financial and supply status.

In addition, according to the rule of the farmers' group, the group's account must be audited by the Department of Auditing for Cooperatives. A book of the group's accounts is maintained by the manager and accountant, which is audited externally every year. A copy of the annual report is submitted to the Department of Cooperatives. And the group has organized an annual general meeting every April at which all members and representatives of related government agencies such as the Agricultural District Office, Department of Cooperatives Auditing are

invited. At the meeting, the board will report the financial status and outcome of work as well as the election of a new board for the next year.

4.1.4 Partnership in Development

With concrete achievements behind Maireang's farmers, a non-governmental organisation called the Village Foundation came to the community in 1989. Dr. Seri Pongpich, a scholar and an activist as well as an executive and founder of the Village Foundation propounded a concept of community culture, which placed emphasis on local community wisdom and local community self-learning activities. The mission of the foundation was to strengthen community organizations through the self-learning process and community culture approach.

Maireang was chosen as an object of fieldwork for the foundation. The first fieldwork officer of the village foundation, Jamnong Rakpinit, came to the village in the attempt to study the community and pursue his work under the framework of community culture. Said Jamnong.

Working with people is not easy. You must love and trust them and wait until they trust and love you back. We don't believe in development work which is commanded from the top but do believe in local power and initiatives. (Jamnong, Interview on June 4, 2000)

Jamnong continuously worked with the Maireang people with support from the foundation's headquarters in Bangkok, and he facilitated the villagers' development process. He and the foundation organized meetings in the community as well as meetings among the local leaders both in the south and in other regions. In those meetings, he and the foundation stimulated and facilitated learning and problem analysis among the participants rather than teaching or forcing the ideas.

The foundation assisted the group by facilitating and being consultant to the group's working process, such as cooperating with government agencies. In addition, the foundation assisted the villagers personally; such as giving advice on studying further, providing the youth from Maireang and the villagers accommodation when they came to Bangkok.

However, when the Village Foundation came to Maireang, the villagers were suspicious of the foundation's roles and its purposes. Prayong said:

We had no idea why they came here. Who would care about such a small community? (Prayong, Interview on April 20, 2000)

With strong continuous efforts and the commitment of the foundation for two years, trust between partners has gradually built. Prayong said:

The foundation is our consultant. They give us valuable advice and cooperate and facilitate our activities. For example, they contacted related government agencies for our training courses on leadership development. (Prayong, Interview on April 20, 2000)

Later in 1991, with the support of the Village Foundation, Prayong had a field trip to Europe with other local leaders from different regions for a month. While there, Prayong witnessed the well being of European farmer, the strong collective power in the form of cooperatives, the importance of a management scheme and product diversification, the utilization of modern machinery.

Recently, Jamnong resigned from the Village Foundation. But the Village Foundation still works closely with the Maireang community in such projects as building of the Thai Master network, which is a network, involving Thai local wisdom gurus from around the country. Monthly meetings among representatives of members of network are regularly held in Bangkok and in the regions through the facilitations of the Village Foundation.

The foundation is involved in other network building and community development work in Maireang. Vichit Nanthasuwan, the manager of the Village Foundation says:

Community organizing takes time and patience. We're not just here to form groups. Forming groups is not an end in itself. It is just a tool we're using to accomplish our mission. (Vichit, Interview on March 31, 2000)

4.1.5 Building of Network

4.1.5.1 Nakornsrihammaraj Rubber Network

With its success in business since 1987, Maireang has become a learning center for rubber farmers in Nakornsrihammaraj and other provinces nearby. Many communities continuously visited and learned from Maireang. Consequently, the weaving of an informal network among rubber farmers has gradually come into existence.

From the formation of informal networks, the other farmers' groups have opportunities to learn from Maireang. For examples, after a field trip and training at Maireang in 1987, a group of Yangcom farmers initiated their own community rubber factory a year later. Prayong said:

Yangcom learned from us a lot - both our strengths and weaknesses. We did encourage them to do business. We, just ordinary villagers are capable; so they, who are not different from us must also be able to do as well, so that they can begin their business. (Prayong, Interview on April 20, 2000)

Regarding the farmers' analysis and previous experience, in order to be competitive and survive in the system of capitalism, instead of increasing capital for enlarging the amount of investment, strategic planning should focus on a networking strategy. In addition, the benefits of networking are not only in the learning and exchanging process as well as morale support but also on common interests. For example, when the Maireang group received an order for sheet rubber, which exceeded its production capability, by networking, the supplies of rubber sheet from other rubber farmers' groups became available. The farmers analyzed:

We cannot expand our factories like the merchants do. We have limitations on both the contribution for reinvestment and the capability to handle big and complicated business. Networking among small business is more interesting and allows for possible new ideas. (Prayong, Interview on April 20, 2000)

In addition, based on Prayong's experiences abroad, the leader of Maireang took another step beyond the Maireang boundary. Realizing that the growth and the strength of the local community are based on the concept of "*think collectively, produce collectively and trade collectively*", the cooperation among rubber farmers would be an alternative for local communities. Prayong said:

Look at farang (foreigner) farmers, they are well off and not dependant on monoculture cultivation. Farang put their emphasis on cooperatives so they can cut the costs of middlemen. Being bigger cooperatives, the farmers' bargaining power with other businesses and state has been increasing. Thus, one possible solution must be the establishment of groups like cooperatives. (Prayong, Interview on April 20, 2000)

However, unlike European cooperatives, instead of enlarging the Maireang group, forming a network among local rubber farmers was considered more appropriate to the local context. Large cooperatives need high and complicated management skills which most of the local farmers, who obtain only minimal mandatory education, do not possess.

Therefore, Prayong, the Village Foundation and the Office of Provincial Agriculture discussed the idea of strengthening small local community business and forming networks seriously.

In the year 1992, the first seminar among Nakornsrihammaraj rubber farmers on the topic of "*Directions of Development of the Thai Society*" was organized and facilitated by the Village Foundation and the Office of Provincial Agriculture. The seminar called for the gathering of 60 leaders of the farmers' group in Nakornsrihammaraj. In the seminar, the farmers exchanged the ideas and experiences about the rubber business as well as discussing the possibility of establishing a community rubber factory based on the concrete successful experiences of Maireang and Yangcom. As a result of the discussions, the farmers agreed on the potentiality of a farmers' organization promoting local economic development. The consensus on the necessity to establish a community rubber factory and to form a rubber farmer network with the underlying principle of full cooperation in reaching a state of well being for the rubber farmers had been realized and put into practice.

The first concrete attempt was the formal establishment of 11 farmers' groups in nine Amphors of Nakornsrithammaraj in 1992, followed by the emergence of community rubber factories in 1994.

Beginning with data collection on the feasibility of community rubber factories, each community learned to forecast the amount and items of capital and other expenses used for building and operating a rubber factory as well as the possible number of members and shares, market channel and etc. All capital bases and operational costs ranging from land, building construction, water treatment, machinery, necessary equipment to labor costs, repair and maintenance costs, interest rates, transportation, wages, etc. were considered carefully in each community with the cooperation among networks.

After finishing its primary study in 1993, in the same year with the suggestion of a member of Nakornsrithammaraj Provincial Council, who was also a member of the rubber network, the network proposed the "*Development of the Nakornsrithammaraj Farmer Institute Project*" to the Nakornsrithammaraj Provincial Administration Office, requesting financial support for building community rubber factories.

During the approval process by the Nakornsrithammaraj Provincial Administration Office, the Nakornsrithammaraj governor at that time questioned the rubber network on the issue of legitimacy.

The governor said what was the difference between other businesses and the group's business. If the government provided assistance for the farmer's group, it would have to support private business. (Prayong, Interview on April 20, 2000)

Prayong came to the meeting explaining to the committee on the importance in supporting of local community business and argued:

The government always supports private business by providing infrastructure even the most expensive kinds of support such as deep sea ports and industrial estates. But for poor rubber farmers, the government has never supported. The factory is our infrastructure as the

crucial step for survival. (Prayong, Interview on April 20, 2000)

The network furthered its attempt by cooperating with local and national politicians in lobbying and convincing the committee. Finally, in 1994 the Nakornsri Thammaraj Provincial Administration Office approved the budget for building five community rubber factories, including the new factory of Mairiang and the Provincial Agricultural Office approved another two factories. A year later the other four community factories, at a cost of about 4.3 million Baht per factory, were built with the support from the Nakornsri Thammaraj Provincial Administration Office.

Realizing the importance of human resource, the rubber farmer network also organized training courses and field trips for its members. Knowledge of factory management, waste treatment, business management, accounting, and factory working procedures were among the content of the training courses. In addition to lectures from well-experienced trainers on the relevant topics, field trips to Mairiang and to business factories at the eastern seaboard in Chonburi and Rayong were organized. In addition, the farmers came to Bangkok for meetings with representatives from IFCT and commercial banks. Therefore, the farmers gained not only knowledge but also a high level of confidence in doing business. During the whole training process, the farmer network was facilitated by the Village Foundation and financially supported by the Australian Embassy. Also, for three days at the Eastern Seaboard, the export company sponsored all accommodations for the villagers.

In addition, the monthly meetings were held on a rotation basis in every community of network members. Discussions on the problems and situations faced by the community as well as future cooperation plans on common funds and market centers were also generated in the network.

As a result from the farmers' life time experiences as well as knowledge gained during training courses and field trips, in 1996 there was published *the Manual of Rubber Farmer* written by the Mairiang farmers' group with the support of the Village Foundation. The book contains facts about the rubber industry and business, the rubber market structure, the community rubber factory system and

management, small business administration in the rural area and integrated agriculture in the rubber farm. This publication was distributed among the rubber farmers.

With the concrete success of the community rubber factories, later in the fiscal year 1994, the government agreed to allocate a budget for building 300 community rubber factories in 18 provinces around the country.

4.1.5.2 National Master Plan of Rubber Network

Another concrete result from cooperation among the networks, in 1997 was the protest against the draft of the Rubber Control Act led by the Federation of Rubber Planters Associations of Thailand.

The Maireang group was one of the members of the Nakornsrihammaraj Rubber Planters Association, the president of which was one of the leaders in Nakornsrihammaraj rubber network. The federation, including Maireang rubber farmers' group, disagreed with the draft. Lacking participation from the grass roots, the draft act was far from solving the problems and meeting the needs of the rubber farmers. On the contrary, it tentatively benefited the rich rubber planters and rubber business rather than local rubber farmers. In addition, the power of rubber plantation control is concentrated only in the hands of the state.

At the same time, the first national master plan for rubber production in Thailand, initiated by people organizations, was formulated as an alternative to the act and to the master plan initiated by the State. The people's Master Plan for Development of Thai Rubber aimed at strengthening and empowering local rubber farmer. The plan came up with cooperation among nationwide rubber networks in the south, the northeast and the east, rubber farmers and with technical support from the Village Foundation, Nakornsrihammaraj Agricultural Office and Federation of Rubber Planter Associations of Thailand. Six public hearings on the national plan were organized in every region. In addition, Prayong, the leader of Maireang was one of the key resource persons in the formulation stage of the people's master plan.

The rubber farmer network attempted in many ways to protest the draft act and to propose the people's master plan as a part of the national master plan originated by the State. The various strategies ranging from meetings, seminars, press

releases, publications, to lobbying politicians and senators were initiated during the process.

However, despite many attempts, the Rubber Control Act was finally promulgated in 1999 and the official national master plan (1999-2003) excluded the people's master plan. Regarding this lesson, Maireang and the network learned that rubber plantations are very insecure due to an external and uncontrollable factor particularly the factor of government policy.

4.1.5.3 Nakornsrihammaraj Agricultural Network

YaMaNa is abbreviated from Thai words. *Ya* is from *Yang* or rubber, *Ma* is from *Mai Pon* or fruit orchards and *Na* or rice fields. *YaMaNa* means the network of rubber farmers, fruit farmers and rice farmers. This network was established in 1996 with support from the Village Foundation and the Nakornsrihammaraj Agriculture Office.

The formation of the network was to revitalize previous dyadic relationships or interdependences among the local villagers as in the past. According to geographic diversity, rubber plantations and fruit orchards have been located in the internal area of regions around the hills whereas rice plantations and fisheries have been located near coastal and river areas. The mutual relationship among local people is called the relationship between friends in the north or around the hill area (*Klur Neur*) and friend in the south or near the coastal and river area (*Klur Tai*). However, under the current situation, the strength of *Klur Neur* or rubber and fruit orchard farmers' organizations is stronger than those of *Klur Tai* or fisherman and farmers. Therefore, due to the Village Foundation's analysis, reconstruction of mutual relationships would strengthen the weak partners.

The idea of the *YaMaNa* network emerged after Maireang has become a learning center for many communities as one of the successful community businesses. Prayong and other leaders were invited to participate many meetings. At one meeting organized by the Village foundation with assistance from the Nakornsrihammaraj Agricultural Office in 1994, the farmer leaders from every district of Nakornsrihammaraj came to discuss problems and needs. In the meeting, all participants realized the importance of cooperation among major agricultural

occupations as the way to build and extend farmers' capabilities through learning process. Therefore, the formation of Nakornsrihammaraj agricultural network or YaMaNa network was initiated among rubber, fruit and rice farmers in 12 Amphors of Nakornsrihammaraj. (See table 4-9)

Table 4-9 List of Members of YaMaNa Network

Rubber Farmers	Fruit Orchard	Rice Farmer
Bangkan	Keriwong	Chianyai
Chawang (2 Tambon)	Promkiri	Chaoad
Chulaporn	Thungson	Huasai
Nabon	Chaoad	Pak-panang
Noppitam	Huasai	
Promkiri	Chianyai	
Thampannara	Chulaporn	
Thungson	Thungyai	
Thungyai		
9 Amphors	8 Amphors	4 Amphors

Source: Data collection by the author

In the midst of cooperation among the three major agricultural occupations in Nakornsrihammaraj was the establishment of a noodle factory. The noodle factory idea emerged when the members of network discussed the possibility in doing business in the network and that the business must be based on the availability of local resources in 1994. From the discussion, the farmers focused on agricultural product industry particularly on rice processing because the network preferred to assist the rice farmers because rice farmers in Nakornsrihammaraj are the people with the lowest income in the country. The feasibility of establishing of noodle factory was discussed in order to help the needy and on the fact that the consumption of noodles by southerners is significant. For example, the amount of consumption in Nakornsrihammaraj is higher than that of the northeast region as a whole. Thus, the network began its feasibility study by collecting relevant data and made field trips to the local owned noodle factory in the northeast, which was previously established and supported by the Village Foundation and other NGOs, and to some factories in

Chachengsoa with facilitation and support from the Village Foundation and other NGOs.

Finally, the noodle factory was established in the same year as *"Food Processing Network Company Limited"* with registered capital funds of five million Baht. Capital funds were mobilized from members of the network, from NGOs and from other investors from Bangkok. The noodle factory started its operation in 1996 producing 10 tons per day with an average income of nine million Baht a year and 11.7 percent of profits shared in 1999 and 14 percent in 2000.

Besides the noodle factory, other concrete form of cooperation is technical assistance among the networks. Due to financial support from many agencies during the economic crisis, the rubber network facilitated the process of problem and need analysis of the fruit orchard farmers and the rice farmers. As a result, the written project proposals based on the real need of grass roots people with a high potential of possibility and sustainability from each occupation network were submitted to relevant agencies, such as the Social Investment Funds and the Agricultural Office.

4.1.6 Vision for New Alternatives

4.1.6.1 Maireang Learning Center and Council of Leaders

Because of experiences from abroad and from discussions among networks, Prayong realized that farmers should not depend on rubber. The way out from poverty to self-sufficiency is to reduce the degree of dependency and increase the degree of self-reliance. Prayong said:

Meetings and discussions with many people from different ways of life and different kinds of plantations around the country show us our problems. Earlier we thought our rubber farmers' group was the best. In fact, we still rely on rubber, which we cannot eat. We need to do something for the long term. (Prayong, Interview on June 5, 2000)

Maireang has become a learning center for the community rubber industry for years, but Maireang itself did not gain a new learning process. The

realization of the importance of the learning and development process for Maireang community resulted in the establishment of "*Maireang Learning and Development Center*" in 1997.

The idea of establishing the center was originated from a people's forum (*We thee Chouban*) organized by the Village Foundation and NESDB in 1996. During that time, NESDB was in the process of formulating the Eighth National Plan which has focused on bottom-up planning and human-centered development.

The gathering of the Maireang villagers in the forum created opportunities to exchange opinions and ideas regarding community problem analysis. The villagers recognized the needs and problems, goals and vision for Maireang as well as practical measures for community development. After consensus on the importance of education, the Maireang Learning Center was established with support from the Village Foundation and related government agencies.

The center set up three guidelines for local education regarding what local villagers needed to know:

- 1) Basic or mandatory education: this type education is provided through Ministry of Education aiming at building the basic ability to read and write;
- 2) Career education: The acquisition of knowledge and skill for increasing productivity in the first agricultural career or for increasing income from other supplementary occupations; and
- 3) Modern world education: such as world economics and information, people's rights and duties, society, law, cooperative concepts and management.

Later during the economic crisis, due to the villagers' discussions on current and tentative problems and situations as well as previous attempts for solving problems, the villagers have recognized the need to initiate development activities for self-reliance in addition to the current guidelines of the learning center. Such development activities are community funds, community health care, sustainable agriculture and etc.

In terms of administration, previously an executive board of the center was organized to manage the learning center and its curriculum. However, when it came into implementation and increasing development, the center faced major

problems of management. Only a few board members were not able to handle all activities of the center due to the shortages in staff or other supported mechanisms.

Therefore, in order to facilitate community development activities and to put concepts into practices, the villagers established a mechanism for development administration in a form of "*the Council of Maireang Leaders*" on October 2, 1998 (see figure 4-7).

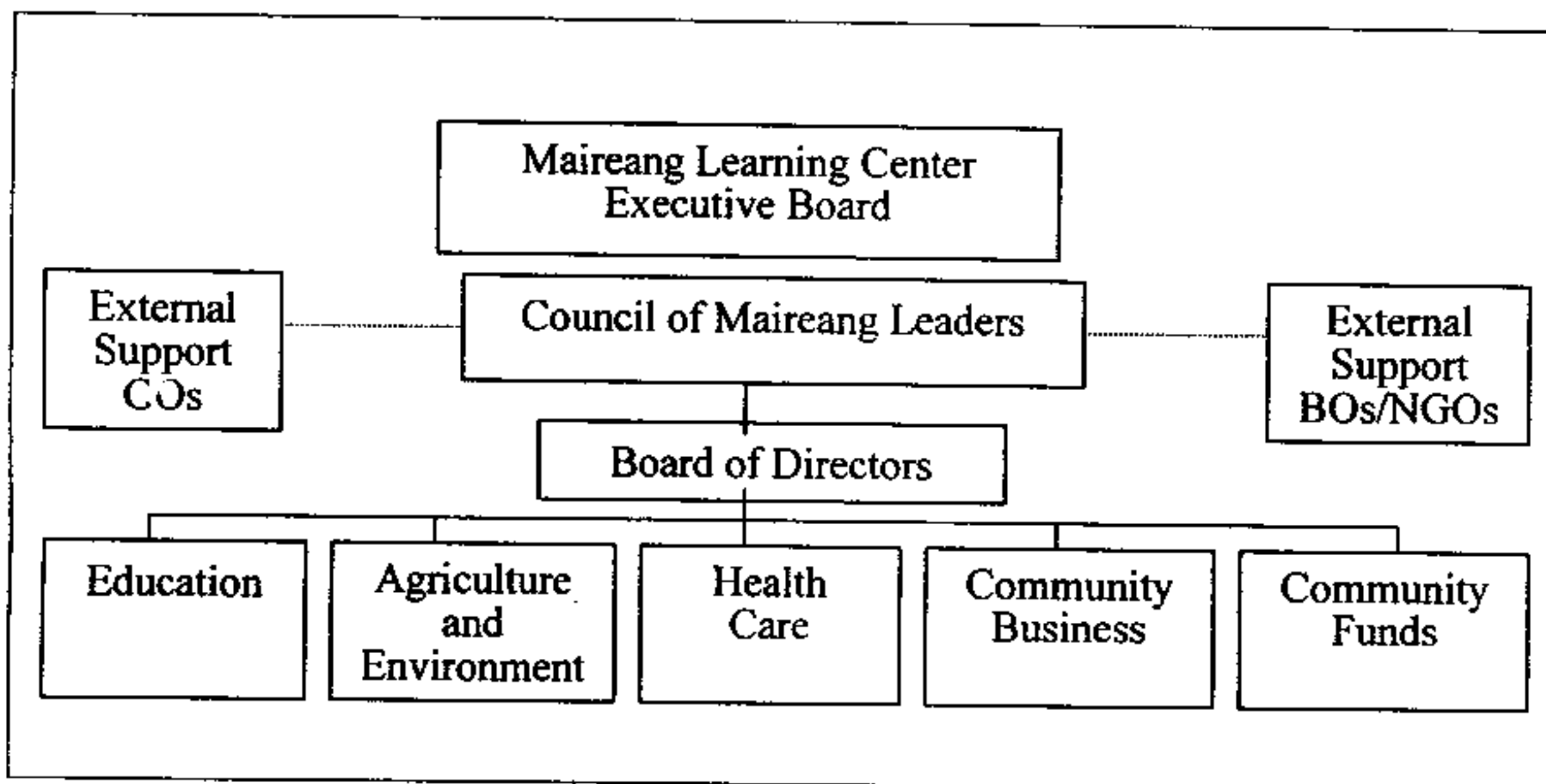


Figure 4-7 Structure of Maireang Learning Center and Council of Leaders

On a voluntary basis, five members selected from each village or a total of 40 members from eight villages were organized as the Council of Maireang Leaders. Under this structure, the center is able to mobilize full participation from other villagers from every village in the Maireang community instead of focusing on only a few leaders in the community.

Forty members of the council began its work by studying intensively the problems and needs of the Maireang community and discussed solutions for strengthening the community.

The council performs in three roles. First, it is a people forum for exchanging ideas and experiences among Maireang villagers regarding problem analysis and problem solving. Second, and emanating from the first role, the community development plan was formulated as a guideline and measures for

development. And third, the council acts as a coordinating body between the Maireang community and other partners and networks.

The council is divided into two major branches: council activity and administration. The Activities Council is composed of 40 members with a chairperson, two vice chairpersons, including a secretary and assistant. The council performs functions and authorizes policy formulation, appoints the administrative committee, approves the budget for development projects and programs as well as approves changes in rules and regulations, while administration is responsible as a task group who performs duties in general administration and development (see figure 4-8). All information about background, authorization, administration and rules are well written in a document called *"Regulations of the Maireang Council of Leaders"*.

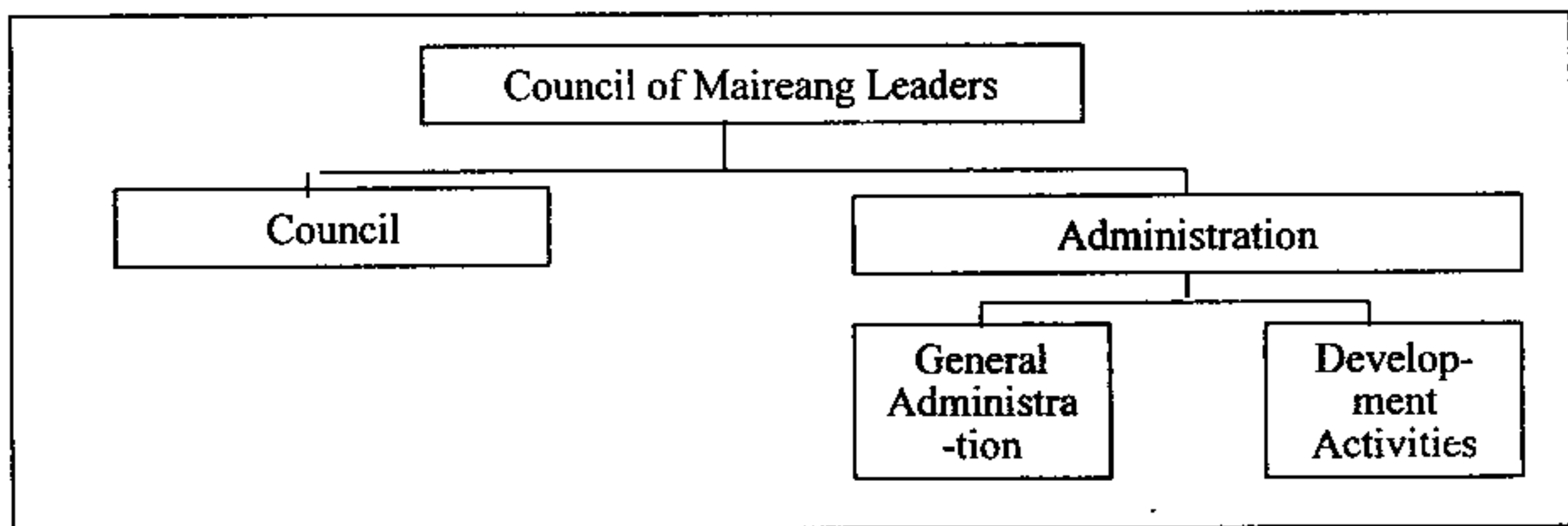


Figure 4-8 Organization Structure of Council of Maireang Leaders

In terms of capacity building, the council launched a human resource development program. Under the program, training courses and field trips were arranged for 40 members of the leader council with the support from the *"Thai Wisdom Master"* project (*Kru Poom Panya Thai*) under the Office of National Commission of Education (ONCE).² The training was divided into five courses in accordance with the needs of the council members as: 1) organization and network development, 2) finance and accounting, 3) community education, 4) sustainable agriculture and environment and 5) community business and community industry.

² Prayong was selected by ONCE as a Thai Wisdom Master and received 48,000 baht award. He decided to spend this amount of money for training courses.

4.1.6.2 Eight Activities for Self Sufficiency

Since the economic crisis in 1997, the price of rubber has continually declined. At the same time, the concept of self-sufficiency has become widely recognized due to the influence of His Majesty the King. The Maireang farmers held meetings and discussed their situation beginning with a problem analysis of rubber plantation.

They concluded that the rubber business always faces problems, particularly due to uncontrolled and uncertain external factors. Among these uncertainties are 1) the weather, 2) policies and 3) the market situation. Often, the factory has insufficient fresh latex for processing sheet rubber because the accumulation of fresh latex depends on the weather. If it is raining, the weather will affect both quantity and quality of the latex. Therefore, the farmers inevitably face the problem of material management. At the same time, the farmers are skeptical of the government rubber policy. As mentioned earlier, the current laws governing rubber plantation control and the national plan have not benefited the local rubber farmers. Most importantly, world demand for rubbers is highly volatile. Consequently, these external factors have resulted in management problems, many of which are beyond the farmers' capability. The farmers have stated:

The government has never formulated its policy to deal with our problems and needs. Their policy has benefited business rather than farmers. For instance, if the government wants Thai rubber to be up to market price, they must not intervene in local pricing because government can buy only a certain amount of rubber but not all. What happens is that government does not buy the remaining sheet rubber. In addition, due to uncertain weather in rainy season sometimes the market price will rise, but we cannot collect enough fresh latex to take advantage of that. On the other hand, when the price falls, the farmers lose because we have to sell at a lower price. (Prayong, Interview on June 5, 2000)

Due to uncontrollable factors and the farmers' earlier analysis of their livelihood, which has tied the farmers to rubber for generations, the previous solution

of building an external rubber network was considered inappropriate to the current situation. Other alternative solutions were discussed:

We should not live our lives by depending on rubber only. It is too risky. There are numerous external factors that we cannot control such as an unstable world market situation, policy, weather and etc. The factory is only the first step to confront the immediate problems. Actually, we need more secure and happier lives (Prayong, Interview on June 5, 2000)

Aiming at sustainable development, the farmers' ideas underlining the importance of integrated agriculture, in which the farmers can reduce expected and unexpected risks emerged from monoculture agriculture. Even though, the previous attempt of the farmers was made earlier by establishing supplementary business activities for increasing income, such as the fertilizer group, youth group, women's group and etc., these activities is not sustainable. Because they were not carefully designed to deal successfully with the community's problems and needs and to complicate, had management problems as well.

Realizing the urgent need for self-reliance and self-sufficiency, the farmers agreed to launch other business activities based on the following three basic principles of sustainability:

- 1) Decreasing the level of dependency: instead of purchasing all products from the external market, the local community must produce necessary products for local consumption and produce value added products from local resources for trading and exchanging with the outside.
- 2) Self-management: All business activities must be operated under the management of community organizations to assure maximum profits for the local people.
- 3) Environment conservation: All business activities must be environmentally friendly to the community.

In accordance with these three principles of sustainability, and as a result of the discussions in 1997, long term planning of eight activities for self sufficiency were carefully designed for the Maireang community: 1) growing organic vegetables, 2) fresh water fish farming, 3) local chicken farming, 4) mushroom

farming, 5) swine farming, 6) animal feed processing, 7) a rice mill and processing and 9) the use of local medicine.

These eight activities were designed carefully and were closely related to one another and other local resources in terms of input-output. For example, growing mushroom needed straw from the local paddy fields and sawdust from the sawmill located in the community. Through rice processing, rice produced by the local household was sent to the rice mill and yielded at least four kinds white rice, brown rice, broken rice, rice husks and chaff. Each output was further processed. White and brown rice was processed for sales for consumption and to transform it to other products, such as rice crackers and rice flakes. Broken rice was for making noodles. Husks and chaff from the rice mill were delivered to the feed producer as a major ingredient in feeding all livestock. Swine and chicken dung was used as organic fertilizer produced by the organic vegetable group, which will be returned back to the farmers (See figure 4-9 and 4-10).

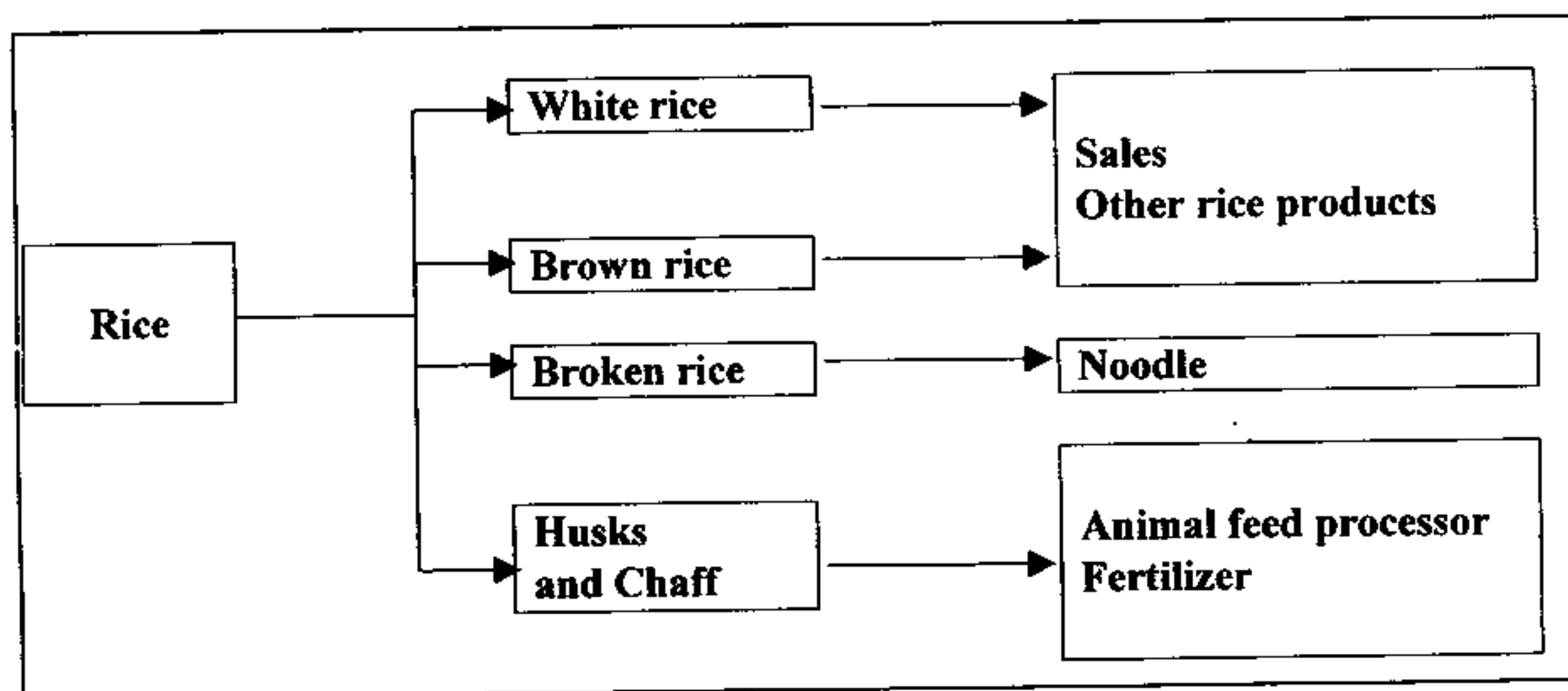


Figure 4-9 Rice Processing Activities

In addition, each activity was well planned in determining the appropriate quantity of production. All products were estimated from records of local consumption. For example, among the 1,500 households of the Maireang community, about 1,000 households had to purchase rice for household consumption. Among 1,000 households, about 200 households engaged in eight activities are estimated to be the targeted group. Therefore, rice production should not exceed a ceiling of 200 households.

In terms of administration, all eight activities were responsible to eight sets of administrative committees of eight activity centers appointed by the leader council on a voluntary basis. The components of the committee were the president, vice president, treasurer and secretary. This committee was under the supervision of the council of leaders.

The activity center is operated as a training center for members of each activity. The villagers of Maireang can voluntarily apply for membership in the eight activities. All rules and regulations of each activity center were formulated by the consensus of members.

The training in each activity for is the starting point of a program. Before becoming a member, the villager must first enroll in a training course. The curriculum of the training course is divided into two parts: theory and practice. The committee of each activity has the responsibility of managing the training courses with close supervision by the leadership council and the administrative board of the Maireang Learning Center. With cooperation from scholars, government agencies, local wisdom gurus and NGOs, the committee planned training courses and curriculum as well as selecting trainers. The committee also arranged the dates of the training, activities, trainers, and field trips and called for the application of trainees among community members.

All trainees participate in the training courses free of charge, but after finishing the training course, every participant must put his/her knowledge into practice with follow-up after consulting with the committee. In this way, the villagers have an opportunity to conduct their social experiment with necessary input from the activity center. For example, the members of fish farm will receive breeding fish the

first time free of charge. During production, the villager must purchase animal feeds at a bargain price from the animal feed center.

However, later if the villagers find that what they learned in the training courses has not been practical, then they can quit the program.

After the Maireang villager has become a member by purchasing shares in certain business activities, the members must produce according to the procedures of each activity, and then sell those products to the center under the assigned quota of production and at a guaranteed price. Then, for example in the case of fish farming, after raising the first crop for 180 days, the activity center will purchase a pre-determined amount of fish from members at a guaranteed price. The activity center then will distribute the product for community consumption. For the next crop, the members must purchase breeding stocks from the activity center and proceed through the production process, completing it. These practices are also similar to other activities. However, if the amount of production exceeds the quota ceiling, the members must search for other market channels. (See chart of process in figure 4-11)

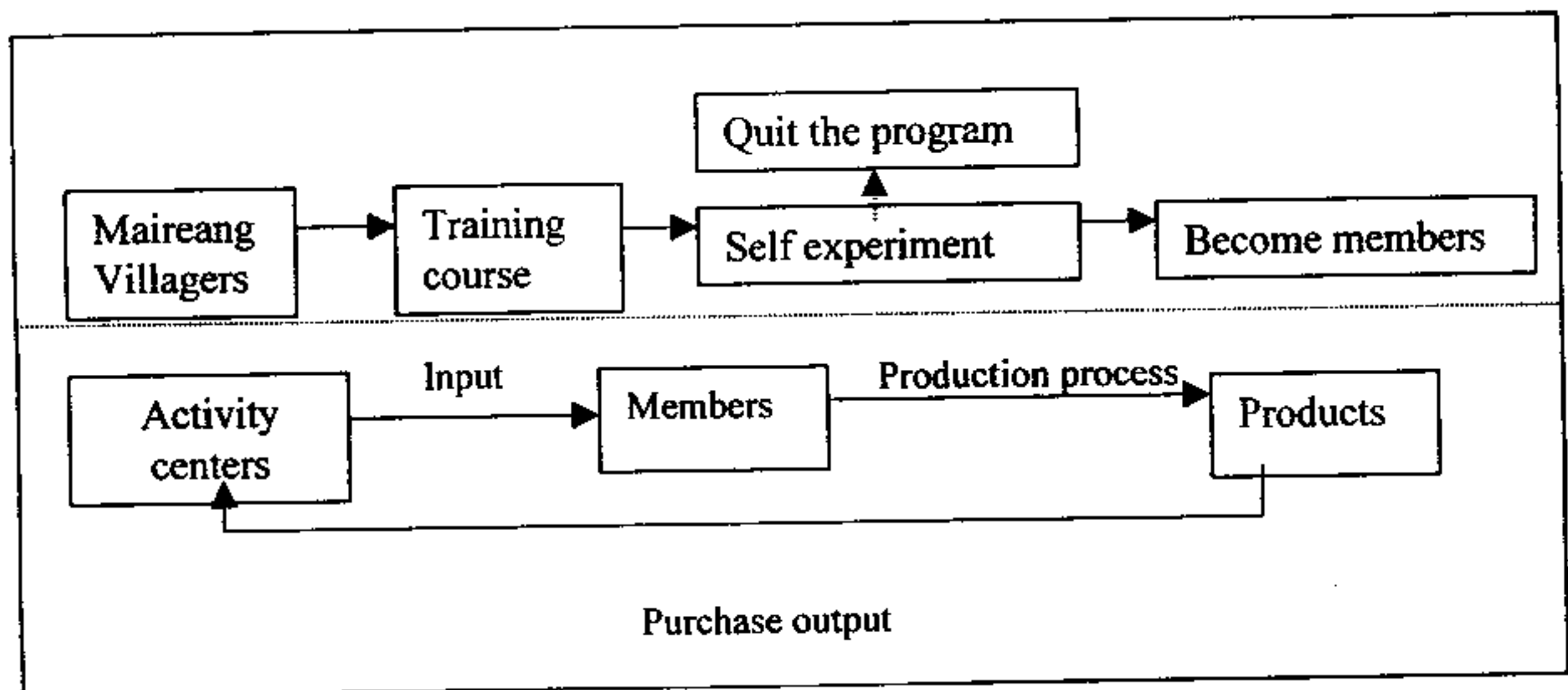


Figure 4- 11 Process of Working Procedures of Eight Activities

In terms of financial support, in 1998, with Social Investment Funds³ support, about two million Baht was granted as seed money for Maireang activities. As a result, eight activities have been put into practice. All activity centers had already been built and two training courses were conducted. For contributions to business, the council planned to mobilize funds from members. And now since the Village Bank of Maireang was already established in 1999, future loans from village banks are another financial source for supporting Maireang activities.

As for profit sharing in each activity, the farmers have planned to divide profits into two categories based on sources of investment (see table 4-10).

Table 4-10 Proportion of Profits Sharing of Eight Activities

Items	Profits from community funds (percent)	Profits from grants or other funding sources (percent)
Bonus for committee and employees not more than	10	10
Funding for public interests not more than	10	60
Sharing among shareholders not more than	60	20
Contribution for reinvestment not more than	20	10
Total	100	100

Source: Data collection by the author

As a result of implementing the eight activities, Maireang villagers expect the following goals:

- 1) Farmers will gain knowledge and have career development and supplementary occupations, resulting in increased income.
- 2) Farmers can initiate and sustain internal business transactions, without middleman through community organizations underlining common interests.

³ Two hundred million Baht of Social Investment Funds (SIF) was established through the assistance from the World Bank in 1998. The funds aim to provide grants to community organizations for building and sustaining community social capital.

- 3) To learn the production process, administration, environment conservation, sustainable agriculture, community funds, community industry, community welfare, which would eventually create community economic security.
- 4) After three years of implementation, all eight activities would become community businesses to complete the processes of production, processing and marketing efficiently and self sufficiently. All products are planned to be produced under the "*Maireang*" brand.
- 5) Job creation for the landless and the unemployed. The farmer stated:

Instead of roaming around in search of jobs in the cities, we try to generate jobs to keep people at home. What we are striving to do is to help people have enough to eat and live on here. (Prayong, Interview on April 20, 2000)

4.1.7 Lessons Learned from Maireang

From the episode of the Maireang community business illustrated above, the author found some dominant themes emerging from the case as follows:

4.1.7.1 Learning Process

About 38 years of community's learning has resulted in the Maireang of today. Events from the past created opportunities for learning. The villagers learned through their trial and error, practice and adaptation. For example, the limitation of the Farmers' Group according to the law, which prohibited members from being members of other farmers' group, resulted in the establishment of informal groups of eight activities. Therefore, the villagers are able to apply for membership in any activity. Another example was the emergence of eight developmental activities. After the economic crisis when the price of rubber declined, the farmers seriously searched for alternatives and came up with the eight activities (see table 4-11).

Table 4-11 Chronology of Maireang Learning Process

Year	Events
1962	The storm disaster resulting in the increasing of commercial rubber plantation
1967	Maireang farmers won the first prize of Nakornsrihammaraj rubber sheet contest
1975	Rubber price crisis, the first farmers' group with 62 members was organized for improving rubber quality
1982	The first farmers' group collapsed and 12 farmers discussed on problems and searched for other solutions
1982-83	Feasibility study on the establishment of rubber factory
1984	The establishment of Maireang rubber factory
1985	The group searched to trade with rubber exporters
1989	The Village foundation first came to the community
1991	Prayong had field trip in Europe with the support from the Village Foundation
1993	The establishment of Nakornsrihammaraj rubber network
1997	The emergence of Maireang Learning Center
1998	The emergence of Maireang Council of Leaders
1998	The establishment of YaMaNa network
1998	SIF approved grants on menu 4 in supporting the beginning of 8 activities for self sufficiency

Source: Data collected by the author

Learning process of the Maireang community has still proceeded and will not end. Launching the new eight activities for self-sufficiency in 1999 is only the beginning steps. The farmers still have a long way to go.

4.1.7.2 Network and Connection

Realizing that Maireang did not exist in isolation, the strategy of networking was developed to strengthen the group's capability. The benefits of networking resulted both in the short and long terms. In the short term, the community could expand a group's capability and local economic multiplier. For business operations, networking also allowed business organizations to coordinate corporations across an ever more dispersed field of play, more production becomes feasible. For example, building the rubber network has increased supplies for the business, as seen when the Maireang was shortage of fresh latex due to the weather, bringing fresh latex from Yangcom community was an immediate solution. In addition, the internal network of eight activities can meet the community needs and increase the local economy.

Also, building networks gains long term benefits in terms of weaning the community away from depending on outsiders and building alliances to pursue its common interests such as forming the Federation of the Rubber Planters Associations of Thailand.

Most importantly, alliances from networks have facilitated the community learning process. Maireang has learned not only from the community experience itself but also from the experiences of others. Exchanging ideas and experiences resulted in new lessons and new opportunities for cooperation. (See table 4-12)

Therefore, the most competitive community business is not limited by size. The increasing capability to span boundaries and borders of community businesses is made possible by networking strategies.

Table 4-12 Network of Maireang Community Business

Local Network	National Network
Nakornsrihammaraj Rubber Network	Thai Wisdom Master Network
YaMaNa Network	Federation of Rubber Planters -Associations
Eight activities Network	of Thailand

Source: Data collected by the author

Considering partnership of development, we see that all agencies involved with the Maireang villagers can be classified at the local and national levels. As seen from the episode, those agencies have supported and made Maireang possible through its learning process in terms of financial support or technical support. The involvement of all partners from various agencies, government, NGOs, corporations and scholars greatly stimulated the learning process of Maireang. Some agencies supported its input such as the Department of Agricultural Promotion and the Social Investment Fund. Some supported its process such as the Village Foundation.

Table 4-13 Classification of Support from the Outside Agencies

Type of Support	Level	
	Local Level	National Level
Financial support	The Siam Commercial Public Co.Ltd	Social Investment Funds The Office of National Education Commission Australian Embassy
Financial and technical support		The Village Foundation
Technical	The Sub-district Agricultural Office The District Agricultural Office Department of Agricultural Auditing The Bank of Agriculture and Cooperatives Nakornsrihammaraj Administration Office	Local Development Institute The Thai Rubber Company

Source: Data collected by the author

Personal connection through the leaders of Maireang is also significant to the operation of Maireang. For example, Prayong's brother is a senior government official in the Department of Trade and Commercial where he can access a list of exporters and information about the world market.

Other factors affecting the numbers of partners and the increasing of level of cooperation from networks and partners were the opportunity during the economic crisis. After the crisis, concepts of community business, self-sufficient economy, strong community and local civil society have been recognized and

practiced nationwide. As seen, Maireang has practiced these concepts since the emergence of the Maireang Farmers' Group in 1984. Therefore, many agencies have turned their attention to Maireang as a concrete example. In response to the concept mentioned earlier, Maireang has increasingly become known among media, development practitioners of both NGOs and government agencies, scholars, politicians etc. From data collection during the study from November 1999 to April 2000, from available data, we see that Maireang's leaders participated in 16 seminars and meetings and appeared on four TV programs. At the same time, a large number of agencies also visited Maireang and published articles related to Maireang (see table 4-14).

Table 4-14 Frequency of Maireang Activities in Dealing with the Outsiders

Items	Frequency
Number of meetings and seminars	16
Number of television programs	4
Number of publications	4
Number of agencies visited Maireang	6

Source: Data collected by the author

Therefore, influence from the media and the increasing channels for exchanging information are enabling environment for Maireang.

4.1.7.3 Interdependence for Self Sufficiency

Returning to self sufficiency was mainly due to the farmers' realization on their situation of a double level of dependency regarding the product's price. The price of rubber has not only heavily depended on world market demand but on dealers, exporters and local buyers. During the boom period, rubber farmers could choose the best offer from among sharply competing dealers and exporters, as seen in the case of Maireang farmers' group. But when the price declined, rubber farmers tended to make themselves "clients" of certain buyers and felt obligation (*Bun Kun*) to the dealers by helping the farmers in purchasing products over the worst price

slumps. *Bun Kun* then in return made the farmers sell products to certain buyers even in the boom period at a specially reduced price. So the price of rubber charged did not reflect the real price in the boom period. The stringency of their situation led to dependence on and resentment of the merchants in the market.

Aside from the demand side, rubber farmers have long used chemical fertilizers for production resulting in increased costs, which the farmers could not afford.

In addition, rubber plantations are currently under state control. Under the new rubber law promulgated in 1999, the rubber planters must receive permission from state agencies before starting their cultivation. The major issues for state approval include rubber varieties, plantation quantity and plantation zone. Maireang rubber farmers have realized these regulations as additional uncontrollable factors aside from the market and weather.

Therefore, self-sufficiency was an exit strategy for themselves. However, self-sufficiency for the Maireang farmers doesn't mean being limited to the subsistent level. The farmers have developed a systematic framework, which creates linkages among business activities.

"Production for local consumption" is the major characteristic of the self-sufficiency concept of the Maireang community. In other words, it is a strategy of *"import substitution"* in order to reduce the level of dependency on necessities from outside the community and the level of capital flow from the community.

As seen, the model of eight activities is based on the concept of system and input-output, considering the Maireang community as a whole system comprised of subsystems or sub-unit of each activity. Therefore, balancing among subsystems is a key factor for the whole system to survive. In addition, each activity is a transformational process, which utilizes input from another activity and produces output for another activity.

Therefore, with a concept of system and input-output, the eight activities would decrease the level of dependency on external factors, and the community would rely on internal resources and management. In other words, Maireang would reach a state of self-reliance and self-sufficiency by establishing an internal network of local businesses.

In addition, this strategy would strengthen the farmers' group by increasing economic benefits through cost reduction rather than depending on middleman and market demands.

Therefore, in order to clarify the concept of self sufficiency from the practices of Maireang, unit of analysis must be based on viewing the community as a whole not as individual households. In the case of Maireang, being self-sufficient means sufficiency among the households in the community. In practice, one household is not able to produce all the necessary products for self-reliance; but through interdependence and mutuality of relationships among households, the local community will eventually create a self-sufficient economy. As Prayong mentioned:

Not too long ago, the Maireang community could be called a country of Maireang in which all production would be sufficient for domestic consumption. While the excess of value added product would be traded with the outside market through our network (Prayong, Interview on June 5, 2000)

4.1.7.4 Grass Rooted Participation

Participation from the villagers is another dominant features of Maireang community. The villagers have been involved in all stages: problems and needs analysis, planning and decision-making, and implementation. Identification of needs and problems of the Maireang came from the people themselves not from specific local leaders. All written rules came from agreement and consensus. Funds and capital have been mobilized and material benefits are shared among stakeholders. Members are able to access all financial accounts and report on activities carried out by the group. Therefore, as a result from participation, transparency becomes a reality since there is no darkness in a well-lit place (Prawase, 1999: 20).

The success of participation through the group structures of Maireang is based on some dominant factors. First, on traditional dyadic cooperation among the villagers or *Sau mu* group, Maireang Farmers' Group was formed. Compared to market-based labor procurement, *Sau mu* or mutual exchanges of labor is possible only when there are social relationships capable of supporting labor transactions (Shigetomi, 1998: 11). In other words, the refusal of a request for labor could damage

social relationships. On this basis, the culture of cooperation in the form of organization is not new for the local villagers. On the other hands, this traditional form of cooperation has incubated a new form of cooperation.

Second, organizational structure of the group itself has a structured pattern of relationships between management and members. Components of the executive board of the Maireang Farmers' Group, the Maireang Learning Center and the Council of Leaders were from members. For the Maireang Farmers' Group, an executive board was elected from the members assembly in a general meeting every year. Meanwhile, five leaders were selected and nominated from each village to be representatives on the Council of Leaders.

Third, regarding specific characteristics of the Thai southerners, generally the southerner is considered as having a high political consciousness (*hua kang*), is legal-minded (*hua mor*) in dealing with state agencies, is proactive in cooperation among villagers rather than being individual (*ruam klum*), and with a high sense of companionship (*rak puak pong*). These characteristics have affected the nature of participation.

Fourth, in the case of Maireang, it was obvious that people voluntarily participated because they agreed on the concept of cooperation among themselves as a way to solve their problems or "*ruam kan rua yoo*". Under this ideology, the villagers have a tendency to structure themselves in groups and to cooperate among themselves in order to pursue the common goals.

Most importantly, participation in a group and activities benefits the villagers of Maireang in forms of income, profit sharing and welfare. According to the study of Edward Banfield (1960: 107), peasants and the worker class have tentatively perceived short run benefits rather than long run benefits. In the case of Maireang, it was obvious that the concrete success of Rubber Farmers' Group causes the emergence of other developmental activities. Material benefits from the experience of the Farmers' Group has built the villagers' expectations of other groups. Even though, recently it is not possible to divide profits among members of the rubber business due to the declining market demand, daily cash income from the sale of fresh latex to the factory and wages are immediate benefits, resulting in a secure source of income and permitting convenient time for engaging in other supplementary occupations.

In terms of personal relationships, kinship and clan as mentioned earlier Maireang is an old community, in existence for more than a hundred years.

4.1.7.5 Leadership and Commitment of Leaders

Prayong Ronnarong has influenced other villagers significantly in working for the Maireang community. He has played a leadership role continually since the pre-formation stage of the Maireang Farmers' Group in the *Sau Mue* group.

The villagers have accepted Prayong's leadership role because of many reasons. Due to his personal capabilities, Prayong has shown intelligence, vision, alertness, verbal facility, judgment, responsibility and initiative. Particularly, Prayong has obviously demonstrated his long-term commitment on a public matter. His persistence with development activities of Maireang, in spite of the many difficulties, has proven his intentions as pure, without any desire to advance his personal interests.

For management capability, Prayong's consideration, characterized by the warmth of his personal relationships, mutual trust, his readiness to explain actions, his willingness to listen to other members and to allow them to participate in decision-making are Prayong's major leadership qualities and reflect his style. He has both concern for people and at the same time concern for the mission's performance. Prayong emphasized:

Trust from the villagers relies on how honest and how effective we are. We must be not only good men, but dedicated workers. (Prayong, Interview on April 20, 2000)

Prayong also initiated structure of the Maireang Farmers' Group, Maireang Learning Center and Maireang Council of Leaders. He structured the interaction pattern among villagers.

In addition, in a time of conflict, he clearly demonstrated problem-solving capabilities by the following attempts such as giving information, giving opinion, giving orientation.

Training and experience have also affected Prayong's vision and abilities. The trip to Europe and meetings with other leaders as well as seminars around the country contributed to Prayong's vision toward Maireang's alternative development besides the rubber plantation.

Regarding the classification by Webers (1958: 28-30), Prayong is considered a charismatic leader, since no formal position was assigned to him at all. For his whole life, he never accepted any position from a government agency. Many times, some villagers requested that he apply for the position of head of the village and also head of the Maireang sub-district, to which he would definitely have been elected. Also, a few local politicians persuaded him to be their key supporter and constituency. However, he humbly denied these opportunities saying:

I want to prove myself by not getting involved with politics. I don't need power. Whatever I do is for the welfare of the Maireang farmers. (Prayong, Interview on April 20, 2000)

In addition, Prayong at the age of 64 is the oldest person in the Maireang group. According to Thai culture, seniority is one of core values of Thais, particularly in the rural area.

In addition, among the other qualities of leadership, honesty is the most important for building trust and cooperation among the villagers. Prayong and the core group have developed a system of checks and balances as well as pursuing a policy of transparency and accountability. All activities and the financial status pursued by the management team must be reported at the meetings.

Other attempts were to build alliances among other leaders. Chamnan, the current manager was trained for years before becoming a manager of the Maireang rubber factory in 1991. Kajorn, Prayong's right hand for the eight development activities was persuaded to become a member in 1992 and now he is the most active member of core working group. Currently, Kajorn and the other members of the leadership council run all the internal tasks while Prayong has contacted and built networks outside.

Likewise, through an organizational structure, leadership can be groomed and trained to be agents for change and community development. The members of the leadership council are expected to be handling development activities.

Because of both his qualities and qualifications, Prayong has successfully built trust among villagers in him. As seen from the beginning when the members of Maireang Farmers' Group paid share values and later when the villagers participated in the council of the Maireang Leaders and increased to full cooperation in development activities.

4.2 Huasamrong: A New Born Community Business

4.2.1 Community Profile

Huasamrong is one small sub-district (*Tambon*) in eleven Tambons of Tawung district (*Amphur*) located in Lopburi, a province in the central region of Thailand. The total area of the Huasamrong community is 15,586 rai, composed of 15 villages. (See figure 4-11)

In 1997, its administration became the Tambon Administration Organization (TAO), a form of decentralized local government at the subdistrict level whose board members are from election process.

4.2.1.1 Location and Physical Characteristics

The Huasamrong community is located approximately 200 kilometers from Bangkok. It is surrounded by Angthong, Singburi, Chainart and Ayhuthaya province. Huasamrong is located in the middle of the Tawung district or only 5.5 kilometers from the District Office. For Community boundaries, the north \ is close to Tambon Tawung and Bangkoo, and the south is close to Tambon Banberk. Tambon Ladsali is on the east and Singburi is on the west.

The villagers' settlement is along both sides of a two lanes asphalt road connecting from Tawung district to Tambon Banberk. Accessibility to the community is from Bangkok by two routes. One is through Lopburi by Friendship High Way, a main high way of Thailand to the Northeast. Another one is by the Asia High Way, an important route to the North. It takes about two hours driving and frequent bus service is available. (See figure 4-12)

Most of the Huasamrong area is situated in the plains area, which is considered appropriate for rice cultivation. The altitude of the community is ten to fifteen meters above sea level with the land sloping inward to outward. The inner area, which is higher than the outer is for human settlement while the lower outer area is the basin for rice fields. The average annual temperature ranges from 27 to 32 degree centigrade.

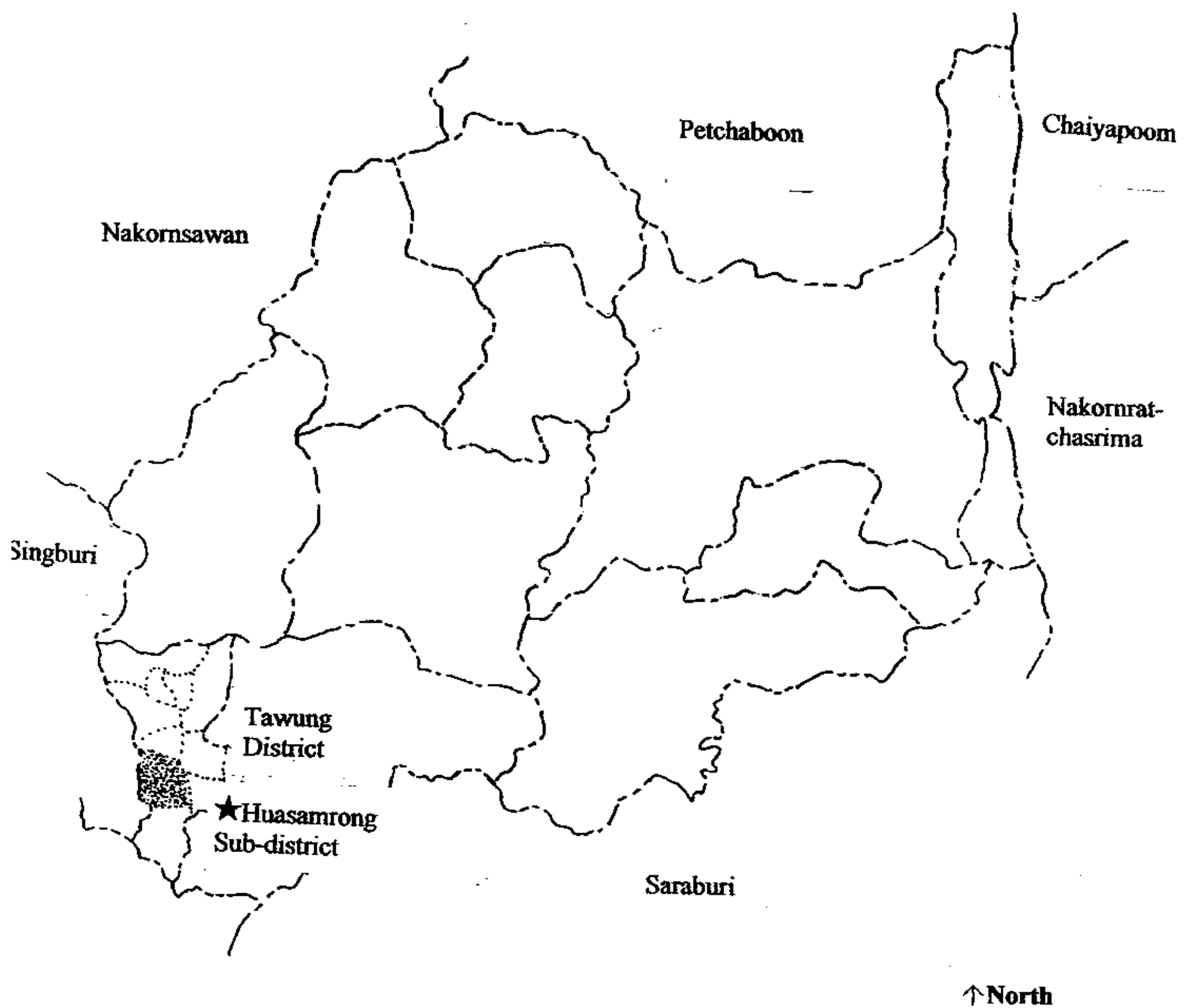


Figure 4-12 Map of Lopburi Province

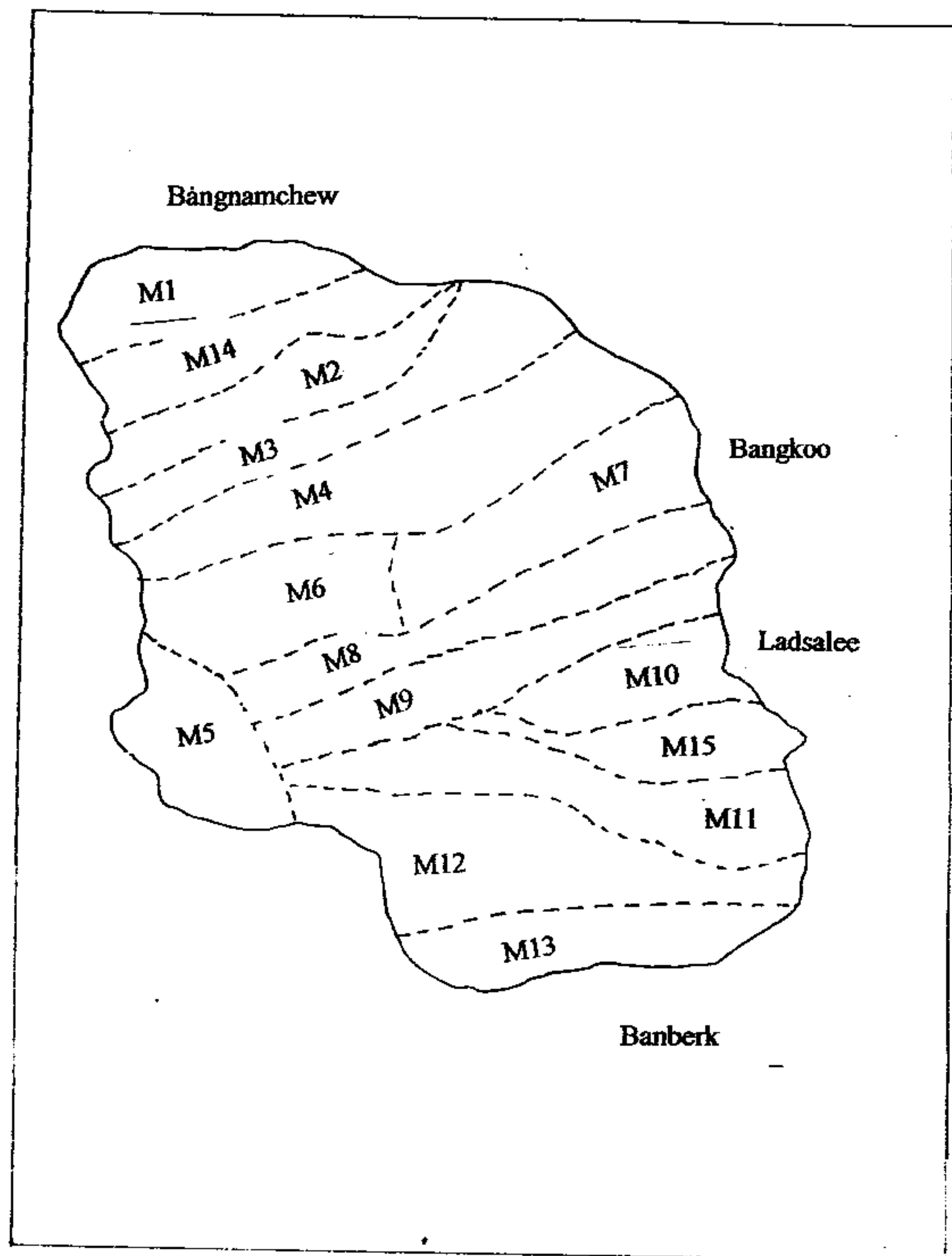


Figure 4-13 Map of Huasamrong Community

Natural canals flowing through the community have been connected from the branches of Chaopraya River. In the past, people in Huasamrong mainly used canals for transportation. Currently few natural canals have been turned into roads. The function of the canals has changed from transportation route to a water supply for rice cultivation.

The construction of irrigation canals was finished in 1959. This concrete canal was laid down across the community parallel to the Chaopraya River headed towards the Chaopraya Irrigation Dam in Chainart province. Other water sources are swamps, which are natural reservoirs for the community. There are three existing swamps in the north, middle east and west of the community.

4.2.1.2 Demographic information

In 1999, during the study, the population of Huasamrong was 5,681. Gender distribution was indifferent, (47 percent were male, while 53 are female). Almost a half of the whole population (46 percent) was in the working ages of 18-49 years. With an average household size of 4.5. (See table 4-15)

Table 4-15 Demographic Information at Huasamrong

Age	Sex				Total	
	Male		Female			
	Number	%	Number	%	Number	%
Less than 5 years	168	3	197	3	365	6
6-11 years	222	4	224	4	446	8
12-14 years	155	3	150	3	305	5
15-17 years	180	3	165	3	345	6
18-49 years	1210	21	1399	25	2609	46
50-59 years	377	7	428	8	805	14
More than 60 years	343	6	467	8	810	14
Total	2655	47	3026	53	5681	100

Sources: Calculated by the author from survey of basic needs at Tambon level conducted by Department of Community Development. 1999.

4.2.1.3 History of Huasamrong Community

There is no official record of early settlement. In the year 1782 when *Wat Huasamrong*, the first temple of the community, was established, it seemed that the community began. Huasamrong is an old community aged more than 200 years. It might be traced back to Ayuthaya period, to the reign of King Narayan, who influenced Lopburi during the period of 1688-1720 because there is evidence of 20 ancient historic temples found in the community, which revealed a long history prior to the year mentioned earlier.

Throughout its long history, Huasamrong has reflected its cultural diversity. The settlement of villagers originated in various ethnic groups, local Thai, Laotian and Chinese. There were two groups of local Thais. One was originally Huasamrong and the other migrated from Ayuthaya and nearby Tambon at the earliest phase. Laotians came to Huasamrong at the beginning of the Bangkok era during the reign of Rama III and settled at one village of Huasamrong. The Chinese came to Huasamrong during the reign of Rama V and started businesses, such as operating a sawmill and some became merchants.

The portrait of settlement could be patterned as people living in the same cluster as being people of the same kin or clan or race. For examples Chinese have lived in *Ban Kok Jek* (Hill of Chinese Village) or the north of M12 to the present. Laotians have lived in *Ban Chong Nam Lai* (M4) and *Ban Kok Pan* (M3). People from Angthong province migrated to *Ban Po Pratuan* (M12 and M13). As time went by, the cluster was expanded due to family extension or the migration of friends or cousins. And all ethnic groups are well assimilated through marriage and collective activities.

Life in the past was based on self-sufficiency. The livelihood of the villagers at that time depended not only on rice cultivation but a variety of economic activities such as animal husbandry and fishing. Those economic activities were aimed at household consumption. A system of barter trade was used for exchanging commodities among villagers. For example, a large variety of fish could be found in canals, swamps and in the time of overflowing. Since there were plenty of fish, nobody in Huasamrong sold and bought fish. But one who had fish might need to exchange his/hers for a hand of banana belonging to another villager.

In those days, most rice cultivation was done according to "*long khack*", a social custom of mutual help. In addition, when there were rituals or ceremonies, the villagers help each other in organizing those ceremonies.

4.2.1.4 Socio-economic Status

Huasamrong villagers' ways of living have dramatically changed since the completion of the Chaopraya irrigation dam in Chainart province, about 100 kilometers to the north of the community, which was built in 1957, followed by the concrete irrigation canal in 1959. Man-made water gates have become a barrier for fish to swim downstream for reproduction from Chaopraya River to its branches. This has resulted in the decreasing variety and number of fish in the Huasamrong canals and swamps.

Since the irrigation dam and irrigation canal existed, land utilization in the community has turned from production of one rice crop a year to production of two crops per year. Government officials introduced double cropping due to its policy of the commercialization of agricultural products. This changing pattern of production has changed the agricultural calendar. For the first round, rice nurseries are sown in February. Rice fields are ploughed in March, the seedlings are transplanted to the fields in April and the first crop is harvested in July. The same circle is repeated again: rice nursery in July, ploughing and transplanting in August, and harvesting in November.

The shift to double cropping has been accompanied by changes in agricultural technology introduced by the government. Technology for rice production, which used to be domestic buffalo, has turned to the modern machine, the tractor, which is more efficient and convenient. At the same time, a new variety of rice crop yielding higher productivity was introduced. New variety yielded 60-70 thang/rai compared with the traditional variety at 30-40 thang/rai. The intensity of land utilization, due to the practice of two crops and the high productivity of new variety required the application of pesticides and a high level of land nourishment, which was assured by increasing utilization of chemical fertilizers.

Rice cultivation for commercial purposes and the introduction of new technologies transformed the personal reciprocal relation in labor exchange into an

economic exchange based on market transactions. For example, the rice mill with modern machinery has replaced the collective way of milling rice by hand. Labor in the rice field has changed from "*Long khack*" in which villagers helped each other by forming labor groups and working for each other in terms of reciprocal relations to hiring wage labor. Later, during the 1980s-1990s when the national policy aimed at industrialization, central Thailand became one of the targets of industrialization. Many factories have been built along the Asia High Way. These factories need unskilled workers. With an unstable income from rice production, many Huasamrong villagers particularly the young, have turned from agriculture to industry. Currently, with regard to the survey conducted by the Department of Community Development in 1999, an average household income of Huasamrong was 22,973 Baht per annum. (See table 4-16).

Table 4-16 Average Income of Huasamrong

Village	Income
M1	21511
M2	24706
M3	20957
M4	20211
M5	12266
M6	24213
M7	20949
M8	21523
M9	24722
M10	21240
M11	41220
M12	20200
M13	28290
M14	20299
M15	22288
Average	22973

Sources: Calculated by the author from survey of basic needs at Tambon level conducted by Department of Community Development. 1999.

Like most rural villagers in the central area, currently, people living in Huasamrong have a livelihood mostly based on rice plantations and wage labor. (See table 4-17)

Table 4-17 Households of Huasamrong by Occupation

Village	Occupation				Total
	Farmers		Labor (Only)		
	Number	%	Number	%	
M1	69		9		104
M2	50		25		84
M3	36		10		152
M4	38		20		75
M5	67		11		87
M6	48		2		85
M7	27		15		67
M8	42		3		43
M9	68		8		105
M10	46		19		59
M11	59		34		110
M12	108		10		118
M13	147		8		156
M14	55		7		104
M15	35		8		38
Total	895		189		1387

Sources: Calculated by the author from survey of basic needs at Tambon level conducted by Department of Community Development. 1999.

Young local villagers aged between 18-35 years mostly work as low skilled workers. Most of them work at industrial factories, which produce electrical appliances and electronic goods nearby in the community along the Asia High Way. The factory named "*Mini Bae*", in Ayuthaya province is the biggest work place where those young people are working. Those who are factory workers have to work daily, leaving home at 6.00 o'clock in the morning and returning at 7.00 o'clock at night. Those factory workers go to work by shuttle bus provided by some factories or truck, the payment for which the workers share or by motorcycle.

Meanwhile most of villagers aged over 35 years work in the paddy fields at Huasamrong. Some farmers are daily wage farmers themselves. In addition,

even though there are plenty of paddy fields, about a half of the total households of Huasamrong's farmers must rent land for rice production. (See table 4-18).

Table 4-18 Land Ownership of Households in Huasamrong

Village	Owned land	Partly hired land	Totally hired land
M1	2	67	22
M2	21	18	29
M3	130	5	20
M4	25	4	2
M5	87	0	0
M6	32	37	9
M7	50	7	5
M8	27	1	0
M9	60	12	1
M10	18	14	3
M11	50	9	n.a.
M12	95	8	3
M13	147	9	n.a.
M14	10	22	3
M15	18	5	3

Sources: Calculated by the author from survey of basic needs at Tambon level conducted by Department of Community Development. 1999.

The level of education in Huasamrong depends on the area's demographics. Most middle-aged people have completed grade 4. While those younger are at grade 6 and Mathayom 3 on the average.

4.2.2 Huasamrong Cultural Council

The existence of community business at Huasamrong has been closely related to the cultural council which was built in December 1996. The first attempt to build a Huasamrong cultural council was made by Amnuay Channgen, a former director of the private relations division of NCCO with the assistance of Dr. Kasak Tehkanmak, chief of policy and planning section at the National Cultural Commission Office (NCCO).

The idea first came up when NCCO launched a policy on establishing the Cultural Council around the country in 1996. The policy was based on an assumed meaning of culture. NCCO viewed culture as people's ways of life. As a result, it was felt that people should directly participate in determining their own cultural activities.

Therefore, cultural space or forum for people became a necessary component for generating cultural activities because when people meet and discuss in the forum, cooperative efforts emerged as an end result.

At the beginning, NCCO previously supported the establishment of the cultural council only at the provincial level. However, many difficulties occurred because in practice the scope of the stakeholders involving people participation at the provincial and district levels was too broad for people to fully participate. Meanwhile, it was discovered that the Tambon level was more appropriate in size and consisted of major partners, such as temples, government agencies, schools and local villagers (Prawase, 1999: 37).

Supported by the policies of NCCO, the Huasamrong Cultural Council was initiated as a pilot project of the cultural council at the Tambon level on a voluntary basis by Amnuay and Kasak.

Huasamrong, the hometown of Amnuay and Kasak, where they still have families living, has inspired both persons to conduct activities on a voluntary basis. Amnuay said:

We do not get any payment from anybody. Just a strong feeling as a son of Huasamrong who is now a government official and wants to go back and develop his hometown. (Amnuay, Lecture on August 5, 1999)

Imbued with feelings of gratitude to his hometown, Amnuay first approached TAO in 1996 and stimulated members of TAO to organize the council by building common historical consciousness. As recalled by Amnuay:

I called Kamnan (Chief of District) and asked him to participate in the meeting of TAO for 20 minutes... In the meetings I asked them to study Huasamrong's history. We know many things such as politics in the US, but we do not know ourselves. We do not even know our roots and ancestors or our local wisdom". (Amnuay, Interview on August 5, 1999)

At the same time in the meeting, Amnuay proposed the idea of building a cultural council as a solution for Huasamrong. He made an analogy of problems of rural people in Thailand with a situation of the chicken in the basket that is pecking

and waiting for slaughter. By building a council or people forum, people from all walks of life can be united and share their ideas and experiences.

Consequently, the Huasamrong Cultural Council was established on February 23, 1997 under the consensus slogan of "*Collective Efforts for Building a Peaceful Huasamrong*" (*Ruamjai Janlong Huasamrong Romyen*).

4.2.2.1 Organization Structure

A variety of members was drawn from local governments, temples and schools as well as other local philosophers. Three representatives were chosen from each village i.e. the head of the village and two other persons. In addition, the head of the sub district, the abbots from every temple, teachers and local philosophers are in the council.

The board has authorities in planning and implementing development programs and activities with cooperation from TAO, government agencies and other supporters.

4.2.2.2 Program and Activities

The development plan of Huasamrong resulted from meetings and discussions. The principle was simply based on:

First, the need for activities for vibrant living, as reflected by the words of Amnuay:

Static water is spoiled water (Nam Ning - Nam Noa). I keep telling the villagers to avoid being useless. We need to engage in something for our home town (Amnuay, Lecture on August 5, 1999)

Second, all activities must be based on differentiating between good and bad. If it be a good thing and the community has already done it, (or has not started) then that activity must be continued (or initiated). On the contrary, if it be a bad thing, then the community must stop and prevent it. As Kasak mentioned:

All we do must be good things. First, we have to rely on what we have in the community such as local wisdom and local resources. Then, we analyze further on the external needs. (Kasak, Interview on October 15, 1999)

Initially, the council agreed on three ultimate goals of development of the Hausamrong villagers which directly pointed toward three important aspects of living, such as good eating (economic goal), well-being (social goal) and happiness (cultural goal) or in Thai "*Kin dee, Yoo dee, Mee kwam suk*".

In order to accomplish the goals, the council agreed on the strategy, which placed the highest priority on synergy and participation. As described by Amnuay:

Without synergy and participation from local villagers, all developmental activities are meaningless because they are not sustainable as we can see from all the development programs launched by government agencies. (Amnuay, Lecture on August 5, 1999)

According to problem and need analysis with pre-established goals and strategies, four development programs: 1) encouraging the capabilities of human resources and quality of life, 2) strengthening the community and increasing income, 3) building local education and local awareness 4) conserving natural resources and the environment were ready to be launched.

Unlike other developmental programs organized by government agencies, all development programs were initially established without any financial support from any agencies. To this point, Amnuay remarked:

We have no money but we are able to work. (Amnuay, Lecture on August 5, 1999)

A variety of local villagers' groups at Huasamrong were established with support from Amnuay and Kasak.

At the beginning, the hand milled rice group and the organic vegetable group were the first established.

During the time of the study, about 31 groups, or two thirds of all groups planned to be established, already existed and have continued their on-going activities. Meanwhile, another eight groups were also established. (See figure 4-13 and table 4-19).

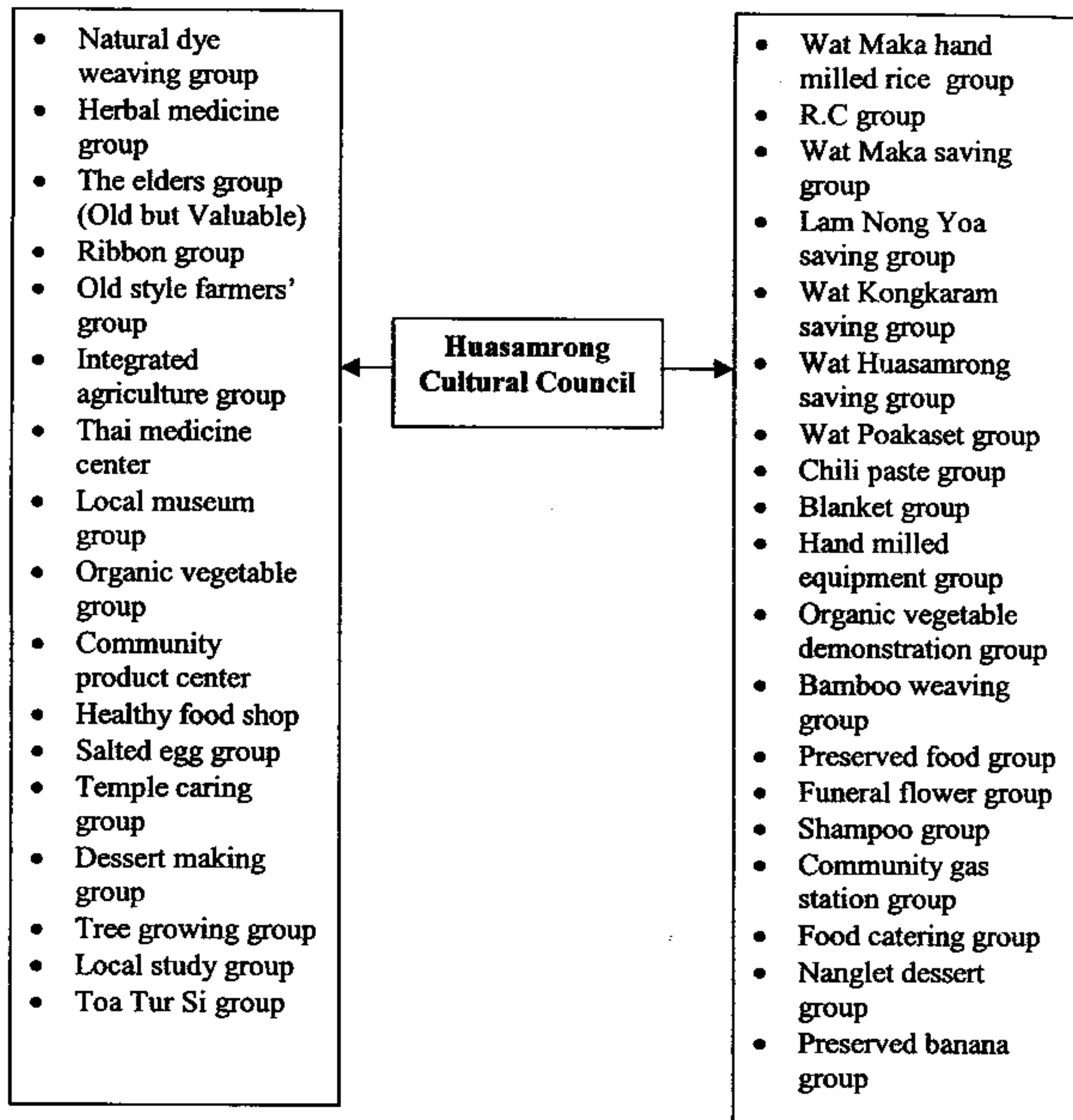


Figure 4-13 Mapping of Huasamrong Civil Society Groups

4.2.3 The Operation of Community Business

Community business groups of Huasamrong were operated under Program 2: strengthening the community and increasing income which aimed at building the community business organizations of Huasamrong for increasing supplementary income.

All community business groups were established with high consideration for diversification in production. Each village is planned as a production unit for making different kinds of products in Huasamrong.

Some community businesses organized are the new comers, while some have already existed because of instigation by government agencies. These diverse community business groups are illustrated in table 4-19 below.

Table 4-19 Classification of Huasamrong Groups by Current Existence

Existing	Non existing
<u>Community business</u>	<u>Community business</u>
Wat Maka hand milled rice group	Natural dye weaving group
Salted egg group	Community product center
Chili paste group	Healthy food shop
Herbal medicine group	Tree growing group
Food catering group	Hand milled equipment group
Preserved banana group	Community gas station group
R.C group	Thai medicine center
Nanglet dessert group	Sewing group
Blanket group	
Ribbon group	
Organic vegetable group	
Dessert making group	
Shampoo group	
Funeral flower group	
Preserved food group	
Bamboo weaving group	

Table 4-19 Classification of Huasamrong Groups by Current Existence (continued)

Existing	Non existing
<u>Saving groups</u>	
Wat Maka saving group	
Lam Nong Yoa saving group	
Wat Kongkaram saving group	
Wat Huasamrong saving group	
Wat Poakaset saving group	
<u>Culture</u>	<u>Culture</u>
Temple care group	Local Museum
Local study group	
Toa Tur Si group	
Old but Valuable group	
<u>Other local groups</u>	
Old style farmers' group	
Integrated agriculture group	
Organic vegetable demonstration group	

Source: Observed by the author.

During the time of data collection (August 1999 – November 1999), in accordance with those various CBOs organized at Huasamrong, there were at least six groups existing and operating as community business such as the Hand Milled Rice, Salted Egg, Chili Paste, Preserved Banana and Herbal Medicine Groups, which can be briefly described as follows: (see table 4-20):

Table 4-20 Community Business Organizations in Huasamrong

Community Business Organization	Village
Hand Milled Rice Group	Wat Maka (M.11)
Salted Egg Production Group	Klong Sadao (M.12)
Chili Paste Group	Chong Nam Lai (M.10)
Preserved Banana Group	Ban Samrong Klang (M.8)
Herbal Medicine Group	Huasamrong Local Medicine
Shampoo Group	Ban Samrong Nuea (M.6)
Blanket Group	Ban Samrong Nuea (M.6)

Sources: Calculated by the author from survey of basic needs at Tambon level conducted by Department of Community Development. 1999.

4.2.3.1 Hand Milled Rice Group

Group Formation

The idea of returning to hand milling was floated when Amnuay and Kasak held meetings among the villagers during the building phase of the cultural council. As a part of Program 2. Discussion was held on what is the most appropriate activity that a group needs to do for generating extra income. Amnuay proposed the idea of hand rice milling to the group due to many reasons.

First, according to Amnuay and Kasak, for market feasibility, hand milled rice is in the health food market, in which most consumers are urban middle class, who have the purchasing power. Kasak explained:

We (Amnuay and Kasak) conducted market analyses from our experience and found that consumers are in a great need of healthy products. So does the hand milling of rice. (Kasak, Interview on October 15, 1999)

Second, modern rice mills have penetrated the Huasamrong community and milling rice from modern machinery has been considered more convenient. As a result, "*Long khack*" or the local culture of helping each other for rice cultivation in the paddy field at harvest time and for milling rice by hand has long disappeared. As Amnuay said:

I'd like to bring back the old ways of living - -simple and economical – and see more caring in the community. (Amnuay, Lecture on August 5, 1999)

At the beginning, local wisdom of hand milling had almost disappeared from Huasamrong for more than over 40 years. As recalled by Sarai, aged 75, the oldest member:

Our way of milling rice by hand was not seen when the rice mill and machinery came to our village. I remember myself and eating hand-milled rice. (Sarai, Interview on August 5, 1999)

The situation was also evident as told by Saichon Channgen, 48 year old women, a leader of the group and Amnuay's sister:

I've never seen tools and never known how to do milling by hand before. Since I was born, I only ate white polished rice. (Saichon, Interview on August 5, 1999)

Therefore, after discussions on the value of local wisdom in the traditional way of milling rice initiated by Amnuay in a meeting among villagers, major concern was focused on the revitalization of disappearing local wisdom. In addition, they realized that the rice mills and new machineries had not resulted in the increase of income for Huasamrong villagers. On the contrary, most farmers must inevitably confront the expensive costs of the rice mill. Therefore, returning to the traditional way of milling, it was decided, would benefit local villagers themselves. They then longed for a return to the communal rice milling group and the high nutritious brown rice they used to produce in the past.

As a result, hand milled rice group was originated on June 27, 1997 or four months after the establishment of the Huasamrong Cultural Council. It is a group of 15 women, mostly elderly and middle aged, from 48-75 years at Huasamrong. The group aims at restoring a traditional way of milling rice by hand and earning additional income as well as producing healthy brown rice for consumption under the name of "*Wat Maka Hand Milled Rice Housewives' Group*" (*Klum Mae Ban Kao Som Mue Wat Maka*).

Group Structure and Leadership

With regard to the current group structure, all 15 members are in an executive board. A specific position was assigned to a specific member, such as president, vice president, treasurer and secretary. However, in practice, all management matters of the group such as accounting, marketing and storage etc. were actually under the president. In this structure, Amnuay and the abbot of Wat Maka are two senior consultants of the group.

Saichon was elected as a president for many reasons. As a matter of fact, the group needed somebody who could be trusted, and Saichon had a reputation for being "a good woman" whose virtue is in working hard and taking care of her mother. In addition, she gained creditability as Amnuay's sister, and also, her single status, which has assured her availability for devoting her time and energy to the group's activities. These qualifications have resulted in a group members' confidence in Saichon.

Being president has resulted in more responsibility for Saichon as she said:

When other members are not available, I have to be available. I must come to see the group and the place every day. (Saichon, Interview on August 5, 1999)

Skills Training and the Learning Process

Without traditional knowledge on how to make hand milled rice, at first, Amnuay, as an advisor to the women's group, arranged a field trip for the villagers with financial supported by himself and friends to the famous hand milled rice group at Wat Huatapan in Chainart province. Fourteen villagers from Huasamrong came to learn from concrete examples from local villagers at Wat Huatapan on production, management, packaging and marketing. Kasak added:

We knew where a learning center is. People at Huatapan have been successful in their business. We took our people to Huatapan to see and to learn from the Huatapan people about every step of the hand milled rice business, and to find solutions on how to mill, to pack, to manage, to market as well as where the

potential market might be. (Kasak, Interview on October 15, 1999)

From the trip, the villagers also learned about production processes of hand milled rice as well as gaining confidence from the local villagers at Chainart. Saichon said:

They showed us a way to produce hand milled rice. It looked difficult to me at first but the Chainart villager can do it. The old woman said to me "Dear, I'm an ordinary villager and I can do it, so you must be able to do it also" Like she said, I talked to myself, we must be able to do it. (Saichon, Interview on August 5, 1999)

When the villagers went back to Huasamrong, Amnuay and Kasak purchased the first set of necessary equipment for hand milling from Wat Huatapan for Huasamrong villagers. Thus, the villagers began their practices at home.

Besides the field trip, local knowledge has been transferred from the senior women of the group to younger members since the availability of local knowledge of traditional milling is concentrated among the elderly. As Sarai mentioned:

It's good to know that I still can do it though I've not done it for over 40 years. I taught these young girls to do the job. (Sarai, Interview on August 5, 1999)

Resource Mobilization

For resource mobilization and financial support, during the group's formative process prior to the formal establishment of the Hand Milled Rice Group in June 1997, donations from Amnuay and Kasak were significant financial support. Support for initial funding from Amnuay and Kasak was utilized for activities in the pre-established stage such as the villagers' field trip to Chainat.

After the group was formed the group collected seed capital from 14 shareholders at 100 Baht per share. In total, the group began at first with seed capital at 11,000 Baht from local villagers.

The place and building for the business operation came from donations. The group requested from *Phra kru Sunthorn Dharmmakij*, the current abbot of Wat Maka, who is widely respected among the local villagers, and one of the board members of the Cultural Council, the ground and the basement of Wat Maka's building (*Sala Wat*) for production of hand milled rice. The abbot permitted the group to use the basement to perform its activities but the group had to pay for utilities (water work and electricity) 300 Baht a month. Saichon continued:

It's so kind of the abbot. He is one of our kin. We hold meetings and make hand milled rice at the temple and use the temple's basement for storing. (Saichon, Interview on August 5, 1999)

Using a space allocated by the temple, the basement of the *sala* was turned into a milling ground and office for the group. The small room is used to store rice, tools, sacks of rice, by products and packages of milled rice ready for sale.

However, only 11,000 Baht of seed money mobilized from members was not enough for the business operation. Loans offered by Amnuay and Phra kru were utilized for the group operation. A ten thousand loan from the abbot was used for purchasing equipment. There are also two wooden mortars, each with three pestles and baskets used for sifting and winnowing the grain. The tools were newly made because only one mortar survived after four decades of the disappearance of traditional way of milling rice. About 60,000 Baht from Amnuay was for purchasing raw materials and other necessary expenses such as plastic bag and design for packaging, wages, and etc.

Production

The written rules of the group were initially drafted by Kasak and then discussed among the housewives' group. All members had to sign on the 9-page document to accept all rules written in the documents.

Previously, the group purchased husked rice for milling from local farmers. However, later they purchased organic jasmine rice from farmers' network in Ubonrajchathani whom Amnuay knew. Organic jasmine rice from Ubonrajchathani costs about 8,000 Baht per ton. The price of jasmine rice is a lot

more expensive than local produce which costs only 3,500 Baht per ton. However, jasmine rice is in much greater demand because the local produce is not chemical free and it is the harsh type and if milled manually will be tough when cooked. Said, Saichon:

We looked for soft rice from elsewhere which would be delicious when cooked. (Saichon, Interview on August 5, 1999)

Meanwhile, due to inappropriate soil and weather for jasmine rice, which needs dry weather, local community was not able to grow jasmine rice on its own.

The production process began with the following steps:

- 1) Swaying the bamboo beam to remove the husks from the grain.
- 2) The husked and brownish grains go to mortar to soften the rice
- 3) The pounded rice is sifted and winnowed, separating out the rice bran and broken rice.
- 4) Rice is ready to be weighed and packaged.

On an average working day, about 200 two-kilogram bags of rice are produced. However, there is no production plan to determine how many rice bags should be produced at a period of time. The group made the decision on product quantity and inventory according to purchasing order. Saichon affirmed:

I walked to tell members for milling when I saw our product almost out or when Archan Amnuay told us to sell at fairs or when we had other orders. (Saichon, Interview on August 5, 1999)

At the end of the day, each member who worked for the group would be paid 12 Baht an hour. Generally, if the group worked daily or about 7 hours a day, and they would receive about 84 Baht in daily wages. Even though the wage was lower than Lopburi's minimum wage of 130 Baht per day, it was an additional income for the group, which the women used for self-support and for family. Sarai added:

I used to get 40 baht from making meatball sticks all day. But here, I get double. It makes me proud that I don't have to bother my children." (Sarai, Interview on August 5, 1999)

Marketing

Even though, the study is not able to obtain accounting data, data from interviews indicated the market channels of the Hand Milled Rice Group in the year 1999 in two major categories as seen below:

1) Special market distribution channels

In October 1997, the group went to the cultural fair at NCCO in Bangkok. The NCCO invited the group for participating and demonstrating the traditional way of rice milling. Many intellectuals and national artists such as Dr.Prawase Wasi, a senior citizen, Archan Panjapak, a famous writer, Pensri Pumchusri, a famous singer, who knew Amnuay and encouraged the group to work and assisted the group in promoting the product.

In addition, in 1998, the first year of tourism promotion under the title "*Amazing Thailand*", the government organized an Amazing Thailand Fair at Sanam Luang in January 1998. In the fair, the assignment of the NCCO was to arrange for cultural activities. As one at the management level in the office, Amnuay and Kasak suggested to NCCO to invite the Hand Milled Group to participate in the fair where they could demonstrate hand milling techniques and offer products for sale. Therefore, NCCO supported the group for transportation and other expenses. At first, the group took only 3 tons of husked rice. Later because of a large number of sales, the group ordered another 3 tons from Huasamrong. Saichon recalled:

Archan Amnuay took us to Amazing Thailand. We couldn't believe it!!! We were able to sell all 3 tons of rice brought along with us. So we called home and asked somebody to bring another 3 tons. (Saichon, Interview on August 5, 1999)

In 1999, Amnuay suggested to the Hand Milled Rice Group and other community businesses to arrange gift baskets for New Year's because of the

tentative increase of the market demand in Bangkok. About 780 gift baskets of local products at 430 Baht each were sold through Amnuay's connection.

In August 1999, there was a Mother's Day fair in Chinatown, Yoawaraj. Amnuay brought the group's products to the fair.

2) Regular market distribution channels

The biggest source of product distribution is the Lemon Farm Cooperative Shop in Bangkok where Dr.Prawase Wasi is president. The cooperatives were established in 1999. The main purposes of the cooperative are to link products of local communities and the urban consumer in Bangkok and to promote health products such as organic vegetables and organic rice. Since the hand milled rice of Huasamrong is organic, chemical free and nutritious, the products are in market demand. Besides the Huasamrong brand, there are another two brands of hand-milled rice from Ayuthaya and Chainart placed on the shelves of the Lemon Farm.

The connection to the Lemon Farm was done by Amnuay through Dr. Prawase. When there are purchasing orders, Amnuay, delivers products, free of charge.

A store at the Tawung district or about 3 kilometers from Huasamrong is also a channel for the distribution of hand-milled rice. The store knew of the group's products because Saichon, the group president was acquainted with the store and the store welcomed the possibility of product sales with for a mark-up of 5 Baht per item. The rice-milling group receives money every month; the product is sold. Delivery of product is made when the store calls for additional rice. Transportation via motorcycle costs 30 Baht per delivery.

Other regular market channels researched by Amnuay are the cooperative shops at Wat Suan Kaew and at his office in the NCCO.

3) Huasamrong visits and field trips, Lopburi

Since 1999 when the Huasamrong Cultural Council became known among many activists and development agencies through publications and words by mouth from Dr.Prawase, Paiboon and et al.. Many visitors came to Huasamrong for field trips almost every week. As a part of the field trip program, Amnuay gave a lecture about the importance of the hand milled rice group and the

nutritional value of hand-milled rice. Many times, a meal for the visitors was served including hand-milled rice produced by the group along with other local dishes. The council also arranged for a temporary market for the community's business products in the basement of the *Wat*. In the market place at home, the group has made significant sales.

4) Local market VS Bangkok market

When considering the two market channels mentioned above with the market locations in terms of local markets in Lopburi province and in Bangkok, the study found that the major source of income for the group was from the market in Bangkok. Eight out of ten marketplaces are located in Bangkok, particularly the Lemon Farm Cooperatives. Another regular market is the NCCO where Amnuay and Kasak work. Other channels are special events arranged on an occasional basis in Bangkok. For local markets, it is a source of regular income. Some stores in Amphor Tawung are the group's customers. Also, the group can sell their products when there is a visit from outsiders to Huasamrong. During the field trip, brown rice purchased from the group is served at the visitors' lunch. At the same time, the visitors will buy the group's product when back home.

Profits and Profit-sharing

The profits come from selling products at 50 Baht each, and every part of the grain can be sold. The milling process produces husks, which sell for five Baht per kilogram. Sifting and winnowing produce rice bran and broken rice, which can be sold as livestock, feed at 10-15 Baht per kilogram.

After a year in business, the group had about a 700,000 Baht cash flow and successfully paid off its initial loan. The group repaid the interest free loans borrowed from the abbot of Wat Maka and from Amnuay. Profits were up to approximately 100,000 Baht. Profit sharing, about 26 percent of share value, was divided among members. Meanwhile another 10 percent of the total profit was allocated to the central fund of the Cultural Council. The remainder of the profits has been reinvested for the accumulated in welfare funds for the members.

4.2.3.2 Salted Egg Group

Group Formation

Salted egg made from white soil (*Din So Pong*) is a very well known product of Lopburi. Under the formative period of community business organizations, Kasak facilitated the group process by identifying the salted egg and business opportunity for the villagers. Kasak said:

Since Lopburi's salted egg is widely considered as an emblem of the province, local villagers at Huasamrong as also Lopburi people should gain business opportunity from this advantage. (Kasak, Interview on October 15, 1999)

After discussions, earlier the villagers confronted many problems. First, it was lack of production skills. The villagers felt they had no skills in making salted eggs so it would be very difficult for them to start. Second, the problem is in the raw material. In the past, almost every household of Huasamrong had raised ducks for consumption in their households. However, later, due to the changing of economy from self-sufficiency to industrialization and commercial agriculture, there were few duck farming households. Farmers worked only in the paddy field and the younger generations went to factories and the service sector. In addition, salted eggs had to be made from duck eggs, which were more expensive. Having no confidence in their ability to manage raw materials, in their skills to produce, and market, as well as no financial support from any agencies but having to rely on their own resources, the villagers hesitated to form a group.

However, Amnuay and Kasak insisted on the idea to launch a salted egg business. They attempted to demonstrate to the villagers the benefits of extra income coming from making salted eggs, that those problems, the villagers worried about would be solved by themselves easily. Amnuay and Kasak demonstrated solutions to the villagers' lack of production skills, that this problem could be solved through learning and training. In addition, doing business in salted egg would generate additional income for the duck farms.

After discussing the possibility, the first set of villagers agreed to establish a business on November 11, 1998, or 20 months after the establishment of

the cultural council with 15 members. The group was named Klongsadao Salted Egg Group (*Klum Kai Kem Klong Sadao*). These members were in the same clan living in M.12 (Klong Sadao Village) of the Huasamrong community. Saad mentioned:

We asked among ourselves who wants to invest in this business. Finally we found 15 members. We wrote our names on the board. All members were in the family -- mother, wife, mother's sister, sisters, sister in law, cousins, a daughter of uncle and etc. (Saad, Interview on September 1, 1999)

The group firstly mobilized initial capital from the members at 500 Baht each person. However, the cost of doing business required increasing the amount of start up capital. The group, therefore, mobilized additional capital at 1000 Baht a share.

Production Process

Previously, the group knew nothing about the salted egg business. Since Kasak had a friend in the salted egg business in Lopburi, he invited him to teach the villagers how to produce salted eggs.

The group learned techniques and practice by themselves. They launched the first set of 50 eggs as an experiment. Learning from their findings, the villagers corrected and adjust production techniques to best fit their needs, for example, they changed the times for salting egg and some ingredients. Four attempts were made until the group gained confidence in their production skills and techniques. As Saadd, the leader of Salted Egg Group said:

First we made salted eggs for consumption and distribution among ourselves. The first time, we failed and had to throw away the eggs we didn't preserve properly. We tried again and again until we gained more experience. Now, we're ready to start our business. (Saad, Interview on September 1, 1999)

For packaging, the traditional bamboo basket was used to package the group's product. At first the group's package was not different from other salted eggs packaging in Lopburi. Products were packaged simply in a paper box. Kasak had no ideas for any special packaging either. Instead, he left the question of

packaging to the villagers. The villagers came up with the idea of the bamboo basket. As Kasak said:

Before I went back to Bangkok on Sunday, I told them to come up with a packaging for their salted eggs. When I returned to the village the next weekend, the villager showed me their bamboo basket. (Kasak, Interview on October 15, 1999)

Weaving a basket was the idea of the eldest of the group, mother of Saad whose skills of weaving were inherited from her past. Saad's mother recalled:

In my time, all the women in the village had to know how to weave bamboo baskets. We wove them all the time for use as household appliance or for use in a ceremony on Buddhist's Lent Day. This specific style of bamboo basket was made for celebrating our rice goddess. (Saad's mother, Interview on September 1, 1999)

Further development in packaging was made when Kasak took a sample of a bamboo basket produced by the Saklee community, a community in Ayuthaya province sale at Lemon Farm.

Their basket is nice but out of style. I took a more beautiful sample of basket from Lemon Farm. They said it's very easy to make. (Kasak, Interview on October 15, 1999)

Having practiced making salted eggs, the villagers came to realize the importance of certain important techniques of production. For example learning that moisture caused spoilage, the villagers avoided cleaning the egg with water but instead used a dry towel. In addition, the certain steps and recipes were written on the wall where the salted eggs were made to assure the proscribed procedure was followed. Every step of making salted egg was strictly followed such as mixing three cups of salted eggs and two cups of salt, boiling for twenty minutes and etc.

Transparency and Accountability

The group held informal meetings frequently when all the members came together for making salted eggs. One of the reasons was because all members were of the same kin whose houses were located in the same neighborhood.

We talk among us almost everyday. We talk about everything. Not only our business but the neighbor, politics, television dramas. (Saad, Interview on September 1, 1999)

Marketing

Most of channels for distributing salted eggs were in the local area because of the significant number of local consumers. The products of the group are delivered to Lopburi, Tawung and at Huasamrong itself.

Visits from the outsiders are another market source. The market place established in the basement of the temple is a place for selling local products. The number of the visitors calculated by Amnuay determined a number of salted eggs made for sale during the visits.

The group has also delivered its product to Bangkok with assistance from Amnuay and Kasak as Saad said:

In Bangkok, we don't know where to go. It's up to Archan Amnuay to help us deliver our salted eggs. (Saad, Interview on September 1, 1999)

After three months of business, the group gained a 20,000 Baht profit. The villagers are not satisfied with the current profit which now is used for reinvestment only. With the current group size, they expect to gain more money and earn more profits. Therefore, the group has no plan to expand its size. Saad added:

There are too many people here already; we don't have a big business. This is a very small one. Our sales are still small. (Saad, Interview on September 1, 1999)

4.2.3.3 Chili Paste Group

Group Formation

Nam-Prik or chili paste is a traditionally and popular condiment in Thailand. Furthermore, regularly, in Huasamrong people make Nam-Prik for their own consumption. The idea of setting up a Chili Paste group came up when the cultural council was established.

Charearn, a teacher at the Kongkaram School, an elementary school in Huasamrong founded the group. Charearn is also an active member of the council. After the success of Hand milled rice group, members of the council started to think about the possibility of establishing other occupational groups at other villages in Huasamrong. Charearn lives in M.10 where at that time no occupational group had existed. It was a long distance from the center of the cultural council at Wat Maka.

Charearn came back to talk to his neighbors about the possibility of organizing another occupational group at M.10.

Archan Amnuay gave an assignment to us in proposing other income generating activities. After speaking with the villagers, we agreed to go for Nam-prik. (Charearn, Interview on September 1, 1999)

During the process of group formation, time, money, energy and patience were heavily invested. Previously, Charearn had worked with the villagers in reconstructing *Wat Sra Ooy*, an ancient temple in the M.10 neighborhood. One time, he asked the villagers for help cutting the grass in the temple area after which there was a free treat. He said:

Working with people is difficult and takes a lot of time. Many times, we need to talk for days and the villagers felt their time was wasted. Some are busy. Some have to work in the paddy field. They must Tam-Ma-Ha-Kin. Anyway, the villagers like to form themselves in Chili Paste Group because we can make money. (Charearn, Interview on September 1, 1999)

The major reason underlying the decision to choose *Nam-prik* was due to their production skills. Huasamrong villagers are keen about making *Nam-prik* to use in their daily meals. Thai villagers always have *Nam-prik* dish at almost every meal. In addition, making *Nam-prik* is both cheap and low risk. It is cheap because all the ingredients and raw materials can be found locally. Some are even homegrown which makes its costs lower than market price. In case of loss, the low cost of the ingredients would not affect the member's financial status. The loss would be also compensated by member's consumption. If the products could not be sold, the group's members would distribute the *Nam Prik* among themselves for their household consumption.

Organization Structure

Similarly to other occupational groups in Huasamrong, the group organized itself formally, having a president, vice president, secretary and treasurer. The group adopted rules written by Charearn. The Chili Paste Group is the third group established after the emergence of the cultural council in August 1998 with 24 members.

Four rules were pasted on the wall at Charearn's house which has been used for the group's place as: 1) All members must come to work according to a posted schedule; 2) In case of an emergency or for necessity, members can be absent; 3) All members must promise to be compromising in all cases and 4) Members who are absent three consecutive times must consider him/herself seriously.

Management, Production and Marketing

The garage and front yard at Charearn's house has become the meeting and production place for the group free of charge. All utilities such as water and electricity as well as some utensils and equipments such as dishes, bowls, electric blenders etc. have been provided by Charearn as well.

I've never had any idea to collect money for rent or for something else that I can afford from the group. My only thought is a better life for the villagers. (Charearn, Interview on September 1, 1999)

Before beginning production for sale, the group selected the best *Nam-prik* recipe among various recipes from local villagers. Usually, the villagers know among themselves about who can make the best of each kind of *Nam-prik*. For examples, Grandma Nom, one of the group's members has been widely known for making *Grilled Nam-prik* (*Nam prik* using chilies that have been grilled beforehand). After making and trying Grandma Nom's recipe and comparing it with other recipes, the group agreed that hers was the most delicious and planed to produce her recipe for sale. Similarly to the story of *Grilled Nam-prik*, the villagers launched experiments for researching other recipes for other kinds of *Nam-prik*. After making decisions on all recipes, the group started its first production process and delivered free samples to other villagers in Huasamrong.

When it came to production, Charearn paid for the group's investment in advance and then was paid back immediately when the group received payment from sales. Later, the group took responsibility by sharing every Baht of capital. The first capital was 4,278 Baht or 186 Baht per member. Equal sharing among members was used as a tool to assure equality of member status and to emphasize the sense of belonging, that all members are the owners of the group and not a specific person.

Four kinds of *Nam-prik* have been chosen and produced depending on orders and the market needs. A clear plastic box bought at the Sunday market in Bangkok at 2 Baht each by Amnuay is the packaging. The sale price is 10 Baht. No preservatives are used so that, all products cannot be stored for more than two weeks.

We insist on not using any preservatives or chemical substance in our *Nam-prik*. It is the real local products.
(Charearn, Interview on September 1, 1999)

The market is generally in Huasamrong itself. Even though, almost every household knows how to make *Nam-prik*, the villagers buy the groups' products when it becomes available because of convenience and the affordable price.

The villagers concern themselves with marketing rather than production, particularly marketing beyond the Huasamrong boundary because the

internal market alone is not adequate for generating sufficient income for the group. Therefore, targeting outsiders from trips organized to Huasamrong is its marketing strategy. Calls for meetings and making *Nam-prik* at least one day before the visit is the marketing procedure.

Another major source of income is the Lemon Farm in Bangkok. With assistance from Amnuay, the group products are delivered directly to the Lemon Farm in Bangkok.

Archan Amnuay delivers *Nam-prik* to the Lemon Farm for us every time. He also takes product order for. Actually the Lemon Farm wants us to deal with them directly. But how can we do that? We don't have a car. We don't know where to go in Bangkok. (Charearn, Interview on September 1, 1999)

The group has no plans to deliver or to search for other market channels. Planning on production and marketing has been based on spontaneous reaction. Short time preservation because of no preservative is a constraint for large quantity. Production therefore, missing market opportunities has been a constant hazard for the group.

If there are no orders, we do not deliver our unsold product to gas stations or other market places to unload it. [Otherwise our *Nam-prik* will be spoiled. /] On the other hand, many times when somebody wants to buy our *Nam-prik*, we don't have any because no stock is available. We make to order. (Charearn, Interview on September 1, 1999)

In addition, Charearn as a group leader has never advertised the product because his bias on gender roles.

When I have meetings with teachers at other places, I never tell anybody that we're making *Nam-prik* for sale. I feel embarrassed because making *Nam-prik* is a woman's matter not a man's. (Charearn, Interview on September 1, 1999)

Relying on only a few market channels, income from sales has been as high as to 5000-6000 Baht a month. After receiving monthly payment, the group organizes a meeting for reporting on profits and loss as well as for sharing profits immediately. Accounting book recorded by Charearn are passed around members during the meetings.

The group divided profits into three portions: for reinvestment, profit sharing, and contributions for the cultural council. The 4,278 Baht of capital is kept separate from the other amounts to reinvest. Meanwhile, the remainder is shared among members and another 10 percent has been contributed to the council.

The amount of sharing depends on the total amount of money we have. After separating a certain amount for reinvestment, we share profits among members and contribute some to the council. (Charearn, Interview on September 1, 1999)

4.2.3.4 Preserved Banana Group

Group Formation and Structure

As seen from the experiences of Hand Milled Rice Group, the Salted egg Group and the Chili Paste Group, the Head of M8 villages need to launch extra income generating activities for the villagers. The idea of making preserved banana was suggested by Amnuay because of the availability and abundance of banana trees locally. Preservation of banana would then be able to generate income for local villagers from selling banana as raw materials and from selling value added products. Amnuay said:

There are many banana trees at our place. The question is how to create value-added products from a price of 3-5 Baht for a bunch of bananas. (Amnuay, Lecture on August 5, 1999)

The M8 Head of the Village called for a village meeting and recruited the villagers who needed to form a group. Twelve members of the villagers of M.8 were organized to form the Preserved Banana Group in July 1999 when the

cultural council has been already established for two years and seven months. In other words, the group was only two months old during our data collection.

All twelve members are cousins and living in the same neighborhood. Pranom, wife of the head of M8 Village was elected to be the group's president. Other members are vice president, treasurer, secretary and board members.

The name "*Ang Thongdang Banana Group*" which means banana in the copper field was given to the group by the members' consensus. It reflected the specific physical characteristics of M8 with its plenty of copper colored fruits from palm trees.

Training course in Bangkok

Known by Amnuay, the Chulaporn Research Institute had been offering training courses for banana product development and had a connection with the market for banana products. Therefore, after the groups having made the decision to produce preserved banana, Amnuay gave the group information about the training courses. The group decided to participate in the training course. The application process for the training was facilitated through the assistance of Amnuay and Kasak. Then, with financial support for travel and accommodations from the cultural council, Sarapee, Kasak's sister and a teacher at the secondary school at Huasamrong brought four villagers from the *Ang Thongdang* group including Pranom, the group's president, to Bangkok for the training at the Chulaporn Research Institute in July 1999.

Sarapee and four villagers enrolled in the four-day training course for banana product development. The course aimed to increase the knowledge and skills of local villagers in producing various kinds and methods of banana preservation such as the banana chip with a variety of flavors, the curly sweet chip, etc. All types of preservation of value-added products and far beyond local knowledge, where mostly sweet desserts made from banana or banana jam and jelly were the focus.

Starting the Business

When Sarapee and four villagers went back to the village, Sarapee advised Pranom and the remainders to start the group's activities. Pranom

made an appointment for a group meeting. In the meeting, experiences from the training course in Bangkok were communicated to members. The group also discussed the issue of mobilizing seed money in doing business. All members agreed to invest 200 Baht per share.

With seed money from members, the group bought some large sized utensils and started to practice making banana chips. However, the financial resource from members was inadequate. More support and assistance had to come to the group through production, marketing and management.

For instance, concerning the sanitary issue, Sarapee bought kitchen clothes and gloves as well as being an advisor to the group. She also made purchase orders for a variety of food flavors from the Chulaporn Research Institute for the group when its flavors became out of stock. Product labels was paid for by Kasak. Production was located at Pranom's house. Pranom also paid for utilities and some extras.

I've never asked the group to pay for rent. Water and electricity was free of charge. I don't have to talk about how many bags of charcoal were used. (Pranom, Interview on September 8, 1999)

Four types of banana products are produced: curly chip, paprika flavored chip, barbecue flavored chip and the original flavored chip. They are delivered to two main markets, to the Lopburi market and the visitors. The product costs 5 Baht a packet. Market channels in Lopburi have been made accessible by Pranom's daughter and her husband, who have own a tailor shop in Lopburi. With Pranom's daughter's assistance, last month the group sold about 400 packs. Sales to visitors coming to Huasamrong are unpredictable, depending on number of visitors. After the group was formed for about two months, the group sold about 200 packs to visitors.

Currently, Pranom is responsible for recording all revenues and expenses, but the rules and procedures of profit sharing have yet to be made. Realizing the importance of making discussions and agreement on such matters, Pranom planned a group meeting. She said:

We need to talk about what to do with money very soon. (Pranom, Interview on September 8, 1999)

4.2.3.5 Traditional Medicine Group

Group Formation

Kru Saad, a 69-year-old man of Huasamrong and a local medicine man, is a founder of the group. The group evolved from the "*Old but Valuable*" club which originated at the same time as the cultural council.

Due to social changes during the past forty years, the importance of modern medicine has increasingly replaced traditional medicine. In the past, the villagers lived traditionally and relied on traditional medicine. Kru Saad recalled:

In ancient times, we could live without doctors or hospitals. Traditional medicine was a back pillow for the villagers. (Kru Saad, Interview on August 12, 1999)

Replaced by modern medicine, the wisdom and knowledge of local medicine, therefore, almost disappeared. Most of the local wisdom of traditional medicine is mainly concentrated in Kru Saad and the other elders. Concerning the values and the felt need to conserve local wisdom for the next generations, Amnuay encouraged Kru Saad and friends to establish the Traditional Medicine Group. Kru Saad said:

Archan Amnuay encouraged us to form the elder club and traditional medicine group. We agreed with his opinion because we didn't want our knowledge to die with us. (Kru Saad, Interview on August 12, 1999)

All members are local medical doctors having had reputations among the villagers for curing disease for long times. Thus, all members come with recognition and reputations. As Kru Saad said:

We know who is who in the village. We know even the habits and ideas. So when we formed our group, we referred to these persons who are capable in traditional medicine and persuaded them to become members. (Kru Saad, Interview on August 12, 1999)

There are many concrete examples of their success to assure the capability of local medical doctors in curing many symptoms and diseases, such as [poisonous snakebites, burns, gallstones, diabetes attacks, etc.

Group Structure

The group has seven members and all are male elders aged between 68-73 years. No structure and no written rules apply to the group. No one was elected or assigned to be president, vice president or any other positions. It is a horizontal relationship among friends, who are interested and keen about similar activities. Exchanging knowledge and experiences has automatically taken place throughout the group. Kru Saad said:

Earlier before setting up the group, we just knew each other but never learned from other experience and knowledge. After talking to each other in the group, people told their experiences with using different kinds of herbal medicines. For example, now I knew besides ground lily, there is a kind of local vegetable (*Sient Pee*) which can treat hematoma and muscle fatigue very effectively. (Kru Saad, Interview on August 12, 1999)

Production and Marketing

Previously, the group had never had as its purpose the production of local medicine for commercial purposes. What the group needed was to revitalize the wide use of traditional medicine as an alternative for the villagers. Production and distribution of the group's products was the strategy employed to achieve promoting traditional medicine.

Meanwhile, production of traditional medicine had its cost. There is no funding for the group. Therefore, the group must earn its revenues from sales as the major financial source for enabling the group's activities.

In addition, unlike other CBOs in Huasamrong, there is no fund mobilization from members. However, resources did come from the assistance and support of Amnuay and members on a voluntary basis. For example, plastic boxes and other forms of packaging of the group's product have been financed and delivered by Amnuay. The place where the group meets is at Kru Saad's house. Kru Saad's son in

law helped to mix and crunch the ingredients for medicine. One member brought herbal leaves from his house.

Their market is local customers within the community. Due to the long time reputations of these local medicine men, the Huasamrong villagers have generally accepted the quality of the group's product. Most of the popular items used by the villagers are health products, first aid products and home remedies for primary symptoms that are ordinarily self-prescribed. These are considered non-hazardous and inexpensive, such as herbal toothpaste, balm, vitamin supplements, as well as cosmetics like cumin cream and lotion.

The visits from outsiders are another market for the group. When the visitors come to the community, sales of the group's products become increasing significantly. For example, generally, the group cannot sell herbal balm more than 10 bottles a month but when the visitors come, they can sell 10 bottles a week.

Since all members are elderly, the son-in-law of Kru Saad assists in selling. There are no recorded accounts but only jottings and what is remembered. Revenue from sales is kept for reimbursement and reinvestment. Reimbursements must be made for all expenses and for persons who invested and paid for the group earlier. For example, Kru Saad had bought cumin for 50 Baht for the group. When the group sold its products, the group reimbursed Kru Saad immediately.

The whole process is spontaneous. There is no system for profits sharing and no cost-benefits analysis. No sense of business activities but rather development activities. The elders enjoy participating in the activities rather than making profits.

4.2.3.6 Pre existing group

Previously, there was an attempt by government agencies to organize community business organization. Building connections with pre-existing CBOs were attempts by the cultural council. These organizations are the Shampoo, Blanket and Funeral Flowers groups.

Shampoo Group

The Agricultural Home Product Office under the Department of Agricultural Promotion established the Shampoo group in 1998. The group produced shampoo and a dishwashing detergent with a formula given by the government office. The office also provided information on suppliers for raw materials. Necessary materials such as shampoo substances and bottles had to be brought from Bangkok. While other herbal ingredients were homegrown. Amnuay assisted the group by buying rare herbal plants, which the group could grow for gathering flowers and leaves for the product's ingredient.

The president of the group is Prayong. She and 15 villagers of M6 in her neighborhood had formed a housewives' group to learn about shampoo production. At the initial stage, the group mobilized seed money, 300 Baht each from its members at. Prayong's house is the place for both meetings and for shampoo production. When the group is in need of shampoo, Prayong walks to the members' houses and asks if they're available to come for collective production. The group has never been paid a wage. Sometimes there are many complaints from these practices. Prayong said:

People who always come always do. On the other hand, selfish people had never come ask for sharing. I have no idea what I should do. Everybody is in the same neighborhood. We meet each other everyday. I can't say anything. (Prayong, Interview on September 8, 1999)

Sales of products have been made to the visitors and to the Lemon Farm. Sales are not significant. After operating the business for two years, members received only 400 Baht from the profits.

Blanket Group

The Department of Community Development established the Blanket Group in 1992. The department requested of the head of the village to form a housewives' group for making blankets from pieces of cloth. As a result, Thongdee, Head of M6 Villagers' wife became a founder and president of the group with 14 members. Group structure was designed to consist of president, vice-president, treasurer and secretary. In practice, Thongdee has worked in all positions.

After training, the group began its business with resource mobilization from members and support from government officials. Investment from members was at 500 Baht for each person. The community development department supplied two sewing machines and 20,000 Baht of seed money. At the same time, the concrete building with one storey and cement floor was built with financing from the department. All assets are located at Thongdee's house.

Market access was made through government officials and personal connections. Government officials successfully recommended the group's products to the Lopburi Red Cross Society. The Governor's wife, who was the president of the Red Cross Society in Lopburi ordered at least 500 blankets every year since 1998 for distribution and sale at the Lopburi Red Cross Fair.

Middlemen around the country established other temporary channels. The group has the loyalty of middlemen who regularly makes purchase the group's product. Products sales are 50 blankets a month.

Having connections with the council, the group had an opportunity to sell to visitors. However, Thongdee considered there were fewer opportunities for sales to visitors. She thought regular markets through middlemen were more dependable.

Funeral Flowers

Like the blanket group, community development workers of the Department of Community Development assisted in establishing the funeral flower group. At the beginning in 1994, the group consisted of 8 members with assigned positions. All members had enrolled in the training course sponsored by government officials from the community development department. The department also gave financial support to the group. However, currently, during our data collection, only one person, who was the president, has continued working, producing funeral flowers. The major reason for discontinuing the group was little or no market. The president explained:

They (government officials) came to us to train us. But after we know how to make funeral flower, they continued teaching other groups in other communities. As a result, there are too many funeral flower florists in

Lopburi. I have to go to Bangkok by myself to seek customers. They, the government, should find a market for us. Nobody wants to invest. It's just waste.
(President of Funeral Group, Interview on September 8, 1999)

The former president has turned the group to business activities owned by the villagers as wage laborers for piece-meal work. Payment is made for making funeral arrangements at 2 Baht each. Sometimes, when the former president has a large order, she subcontracts the work to her cousins and neighbors.

I like it this way. It's fair, easy and I don't have to deal with many people. Too many people means chaos.
(President of Funeral Group, Interview on September 8, 1999)

Currently there is no profit sharing and or collective efforts in production. Therefore, making of funeral flower is not an activity of the community business organization but a piecemeal wage labor effort, which is undertaken individually. In terms of a connection with other CBOs, due to the special characteristics of funeral flowers and the customary practices, funeral flowers are different from other kinds of community businesses. Marketing of funeral flowers is different from that of other local products. In addition, in practice, there is no connection between making funeral flowers and the cultural council. But the council counts it as a group under its umbrella.

4.2.3.7 Community Business Center

Future plans for income-generating activities established by the cultural council are to set up a community business center on a piece of land belonging to Wat Maka. Located on the road connecting the Asia Highway and the Tawung district, the place is considered best for business activities.

Originally, the piece of land, consisting of 11 rai, was donated to Wat Maka by an old couple of Huasamrong. The abbot made agreements for leasing out the land to the council for twenty years.

Besides support from the abbot for land utilization, financial mobilization has come from the villagers by selling shares valued at 500 Baht each.

At the center, there would be a gas station, food center, shops and traditional medical center. The location of the center is closed to the ASIA highway which has potential for business development. The center would gain purchasing power from transport. Local made products would be delivered to the shopping center. At the same time, the medical center would be a health center providing services such as herbal sauna, traditional Thai massage and herbal pharmaceutical shop.

4.2.4 Building of Community and Historical Consciousness

Altogether with the community business activities discussed above, the cultural council launched cultural activities, which resulted in the increasing the degree of cohesion among the villagers in the community. All activities are under the council plan. Outstanding activities are making candles on Buddhist Lent Day and reconstructing ancient temples and a study conducted by the villagers on the topic of local wisdom.

4.2.4.1 Pouring Hearts into Candles

On *Koapansa day* (Buddhist Lent) in 1997, the council held the first special event for the villagers by making candles for the temples. It was the customary practice. Buddhists usually made annual merit by donating candles to temples. Even though the making of candles was not new to Huasamrong, in the past 40 years, Huasamrong villagers had never made candles themselves, but bought them from the shops instead. The council revitalized the traditional practice of making the candles, and mobilized villagers to participate for making merit. During the ceremony, most villagers were eager to participate. The slogan of "*Pour hearts and synergy for stepping forward together*" was emphasized again and again.

4.2.4.2 Reconstruction of Ancient Temples

Many ancient temples with no monks were had been located in the Huasamrong community for long time. Natural and man-made disasters resulted in the destruction of the ancient heritage. Amnuay suggested to the cultural council to start its activities with a plan for reconstructing ancient temples. The purpose of the

project was to survey, reconstruct and conserve those ancient temples for the next generation.

Members of the council mobilized villagers in their own neighborhoods to survey the scope of the ancient temple area in their cluster. As a result, during the time of the study, three groups were formed look after three temples.

The council also negotiated with the villagers who had encroached upon the temples' areas. The success of the negotiations resulted in increasing the temples' area.

4.2.4.3 A Study of Local Wisdom

As a result of cultural activities, the council started a community study on local wisdom. With financial support from the Lopburi Cultural Council and with technical support from Amnuay and Kasak, 20 researchers drawn from local schools, the TAO, retired government officials and villagers conducted a study.

The study aimed to survey general information on local wisdom and the local history of Huasamrong such as its history -- the people's settlement, temples, schools, canals, community leaders, local artists, and other local wisdom such as local medicine, local recipes, traditional customs and beliefs, local folklore, etc..

Local researchers organized training for data collection methods. Being supervised and supported through the data collection process, the researchers successfully recorded what they needed for the project.

When the study was finished, Huasamrong, TAO and the Luang Poh Lai Foundation published a 442-page book. Financial credit to the Printing Agency (Amarin Printing Company) was given because of Amnuay's reputation. The book was sold for 100 Baht a copy and distributed to other communities.

4.2.5 From New Born Civil Society to New Born Community Business

4.2.5.1 The Existence of Social Capital

Proposed by Dr. Prawase Wasi (1999: 36-38), the Tambon (sub-district) civil society is a strategy for social development. Placing emphasis on the importance of the local community as a strong base for national development, the Tambon is a primary unit consisting of necessary and primary components, for

example, temples, schools, villagers' organization, and its local government unit (TAO). These components have high potentiality for development activities. By networking among those partners at the Tambon level, synergy for development would result.

Influenced by the thoughts of the leading social thinkers, Amnuay and Kasak applied the concept into practice with assistance from friends and networks. In building a civil society, the concept behind is translated into three major components: spirituality, the common learning process and networks (Kasak, 1999: 100-115). In term of spirituality, it includes local wisdom and local culture, both of which are considered as the social capital of the community.

Social capital have both incubated and fertilized community business activities. At Huasamrong, these are a kinship; a traditional form of cooperation and assistance from the existing local institutions, such as temples and school has been utilized for the operation of community business. Through social capital, Huasamrong villagers have an invisible bond which ties one to another. A foundation of social capital creates trust and solidarity among villagers which is necessary for forming CBOs and implementing business activities.

Kinship and Clan

As reflected in community history, most of the villagers in the Huasamrong community particularly in each cluster of each village are related. For examples, in terms of genealogical connection, the villagers in M.12 who are in the Salted Egg Group and the villagers in the Preserved Banana Group have an apparent kinship relation. As reflected by a member of Salted Egg Group:

We have no way to cheat because all of us are relatives under the same grandparents. We trust each other. (A Member of Salted Egg Group, Interview on September 1, 1999)

In the mean time more than blood or affinal kin, kinship has included relations among people who feel social ties as well as being relatives (Kemp: 1984: 67). As also reflected in Huasamrong, the feeling of "*our temple*" among those people in the same cluster, who bring food and go to the same temple. For example,

all members of Hand Milled Rice Group are villagers who go to Wat Maka, while members of Chili Paste Group go to Wat Kongkaram.

Temples and School

Temples in Huasamrong have continued their role as the center of community for years. The roles of temples have involved every step of the villagers' rhythm of life from birth, to old age, sickness and death. Besides being the ritual and sacred place, temples at the same time are schools, hospitals and a place for solving conflicts.

There are five temples in the community settled along the main road of Huasamrong from north to south. Huasamrong villagers go to temple in their neighborhood for making merit and for village meetings. They donate food and money through monks. Believing monks as a "merit field" where villagers can grow their merit seed and gain the fruits of merit at the moment. The fruits of merit are transferable to relatives, friends or other people according to merit maker's wishes.

Being involved with local organizations' activities, the abbots from the five temples of the community are current board members of the cultural council. Also for community business, temples have roles in supporting community business activities. For example, the abbot of Wat Maka provided financial support for the Hand Milled Rice group and permitted the group use the basement for the group's activities, or the abbot of Wat Kongkaram is an advisory board member of Chili Paste Group.

Temples, therefore, are closely related to the villagers' collective life. Having activities at the same temple has created a feeling of "our temple" as already mentioned above. Trust among people created through being members of the same temple has resulted in trust and social bonding among members in CBOs.

School has its function in educating children and the youth of Huasamrong community. According to Traditional Thai belief, teachers are considered as having a higher status and having "*Bun Kun*" on student or student's obligation to teachers, which places students under the teacher. As a result, parents and children have a feeling of gratitude and trust as well as "*Kreng Jai*" or not to impose due to respect even when the children and youth have grown up. Trust of

villagers in forming CBOs has resulted from the belief and trust in the schoolteachers of Huasamrong, who are the founders of CBOs, such as Amnuay, Kasak, Sarapee, Charoen and Kru Saad.

Traditional Cooperation

In central Thailand, "*Long khack*" or the traditional form of cooperation is helping farmers' households in harvesting season. Local villagers helped others in both rice cultivation and milling rice by hand.

However, this form of cooperation has disappeared since the encroachment of the modern machine and capitalism from urban centers. As a result, labor exchanging has become a transaction of labor costs, which has resulted in the increase of expenses. As mentioned by Saichon:

The price of rice is higher because every single thing in the process involves money. No one helps anyone do anything for free. A farmer like me has to hire people to plant the rice, reap the rice, mill the rice. (Saichon, Interview on August 5, 1999)

Also confirmed by Sarai,

Back then, people in the village would gather at each other's houses and help milling the rice. It was also a time for young women and young men to meet. (Sarai, Interview on August 5, 1999)

Later, even with the disappearance of traditional cooperation, people are still connected and cooperate, for example at Wat or drinking and eating. As reflected by Charearn, leader of Chili Paste Group:

People get together for a party. They always drink, eat and talk but there are no creative activities. (Charearn, Interview on September 1, 1999)

CBOs in Huasamrong therefore were founded on this traditional reciprocal relationship, which led to group formation and activities.

4.2.5.2 Cultural Strategies and Sense of Community Spirit

The Huasamrong community spirit has been built on cultural strategies. These strategies are rituals, reconstructions of ancient temples and a study of local wisdom.

The Rituals

Through Buddhist rituals such as the Candle Making Ceremony for the Buddhist Lent Day, villagers gathering at the temple aimed to participate in the ritual for merit making. The slogan, putting all Huasamrong hearts into the same candle on the occasions of Buddhist Lent Day was a strategy to engender in the villagers solidarity and community consciousness as well as a commitment to develop activities through sacred ritual.

Building of Historical Consciousness

Social capital was strengthened through the building of historical consciousness. As a result from the reconstruction of ancient temples and the study of local wisdom, the Huasamrong villagers collectively felt a part of Huasamrong community. First, it was because the villagers rediscovered their own roots. Second, the villagers felt pride in the recognition of their cultural heritage. By searching their own roost and studying old temple in the community, they gradually achieved an historical consciousness of the local people and created the communal spirit of the Huasamrong people, thus becoming proud of their historical roots, recognizing it as one of the greatest ancient cultural sources.

In organizing as a group in revitalizing Huasamrong's history, gaining merit and Karma (*Bun-Kam*) they succeeded in their mission of requesting and determining the temple's land back from villagers who encroached it.

In addition, as a part of building historical consciousness, publications by Huasamrong civil society were issued after the study of local wisdom of the community and activities operated under the cultural council. This book was written by many writers including the villagers themselves and the only book written by local people at the Tambon level. The local intellectuals such as Kru Saad and teachers were involved as co-authors. When the book was published, the villagers had a feeling of community spirit. The publication is a tangible outcome from the

villagers' effort resulting in pride. About 2000 books have been distributed around the country to academic institutions, intellectuals and other communities. Distribution of the book has resulted in the increase of visitors coming to Huasamrong.

Reproduction of Ideology and Psychological Feelings

Amnuay emphasizes the values of hard work and gratitude. He raises examples of the King and Queen and Princess Sirinthorn who work hard for Thai people and for the whole country. Gratitude, for him should be expressed in terms of hard work for the public. Even though, the road is very long and tough, Amnuay advocated and developed the attitude of "*never give up*", by using the King's work, which is considered as never ending, as an example. Also for him gratitude to one's place of birth is also a must for civilized people.

Visits from outside guests have resulted in increasing the level of cohesion in community business. Huasamrong people take pride in their cultural council, as it is the first Tambon Cultural Council in Thailand. Amnuay always emphasizes this as a reproduction of ideology to the Huasamrong people. Guest reception also creates enthusiasm in their activities. Feeling fun ("*sanuk*") and lively when guests are coming stimulates collective activities.

At the same time, when Amnuay lectures to those guests, the Huasamrong people receive a reproduction of ideology again and again and repeated with admiration from the guests and in front of the guests which gives local people pride in their work.

Gaining more reputation from participating in community activities and from the national fairs in Bangkok have built the villagers feeling of pride and their attachment to social life. For instance, at the national level, the group participated in at least two events of the "*National Cultural Fair*" in 1997 at NCCO and "*Amazing Thailand*" in 1998 at *Sanam luang* in Bangkok. At both fairs, many famous people in Thai society such as Dr. Prawase Wasi, a senior citizen, and Paiboon Watthanasiritham, former director of the Government Saving Banks came to visit and encourage the group. Also many people from Bangkok's middle class purchased products. A feeling of being supported by famous persons has built villagers' pride and confidence. As a result, the group gained even more confidence doing business collectively.

Another example is from hand milled rice group, the psychological feeling and the enhanced self-image not only generated pride in the women's because of their ability to earn extra income for the family, but it also affected their involvement in social activities particularly among the elders. The villagers saw the work as a way to have a fuller social life and to revive the nostalgic past. As Sarai said:

It isn't money alone that brings me here. I love to work here because I meet many people and friends. I feel I am more valuable ...we have fun gathering here. We meet friends and talk. If we had not been here, we would have stayed at home alone and lonely... Talking and sharing problems with friends helps me relieve the stress and loneliness. (Sarai, Interview on September 1, 1999)

4.2.5.3 Leaders' Status and Roles

Amnuay has a dominant role in organizing the Cultural Council of Huasamrong. There are at least three reasons for explaining why people have accepted his role and highly cooperated with him.

First, Amnuay is a good example of the Huasamrong people who achieve success in life. Working with government agencies and positioning at the management level have perceived Amnuay perceived by the villager as having high status. Many local people at Huasamrong still work as farmers in the village or as factory workers nearby. Also for Kasak, his PhD made Huasamrong people proud of being Huasamrong.

Second, Amnuay was a teacher in the Huasamrong community at the secondary school of Huasamrong, the Kongkaram School, for many years, before moving to Bangkok. In Thai rural society, being a teacher is highly honored and respected. As a result, the villagers have trust and confidence in his leadership. Also, many students of his now are middle-aged and are active members and in the core group.

Third, the villagers are motivated by Amnuay's high leadership status. His reputation for hard work and commitment are widely recognized, being mentioned often by the villagers. He sacrifices without any request for a return,

working continuously and seriously, never giving up at the first obstacle. Saadd of the Salted Egg Group said:

Archan Amnuay drives his van for transporting our products. Many times, he has had to go back to Bangkok late at night even at 2 o'clock in the morning. (Saad, Interview on September 1, 1999)

Confirmed by Kru Saad on his admiration for Amnuay:

I participated in all activities because I love his good intentions and kindness (*Nam Jai*). He is a senior official having a car, house and money. His son is in university. He has no great worries, yet he devotes himself to the local villagers in Huasamrong. (Kru Saad, Interview on August 12, 1999)

The work of the Cultural Council and Community Business was not his first time in community development. Previously, Amnuay had experienced organizing the "*Rice Bank*" at Huasamrong where profits were lost, and which had already collapsed because of "non-performing" loans but he learned from the mistakes. Amnuay said:

Some people are dishonest and we can't change them. Leave it to the villagers and the process itself to handle ... Other villagers would not welcome those people who cheated to join their group. (Amnuay, Interview on August 5, 1999)

As the director of the Department of Non-Government relations at the NCCO, a part of his duties are closely related to his connection with the "*big*" men in Thai society such as Dr. Prawase Wasi, and Paiboon Watthanasiritham. These connections are a crucial factor in gaining outside support.

In addition, most of the core members working for the Huasamrong Cultural Council and CBOs are male and have a high status in the local community. For examples, Kru Saad of the Herbal Group, or Archan Charean of the Chili Paste Group, are addressed with honorifics. The terms *Kru* or *Archan* mean teacher, which has a higher status than other in the village and being highly respected by the

villagers. Saad of the Salted Egg Group has the position of Head of Village's Assistant. The villagers call him "*Assistant Saad*". Saichon of the Hand Milled Rice Group is a sister of Amnuay. Phra Kru is a respective Buddhist monk in Huasamrong. Besides CBOs which emerged from the Cultural Council, other existing groups such as the Blanket group is under the supervision and managed by the Head of the Villager's wife. In other words, they are the local elite - Kamnan, monk, TAO, teachers, and elders.

In addition these local elite work with the villagers. Kru Saad works in the Herbal Medicine Group; Archan Charearn works with the Chili Paste Group; Saad works with the Salted egg Group; Saichon and Phra Kru works with Hand Milled Rice Group.

A table 4-21 below illustrated a brief conclusion of a discussion in terms of leaders' roles and status as follows:

Table 4-21 Leaders' Roles and Status in Huasamrong Community Business Organizations

Leaders	Role and Group	Status
Amnuay	Advisor	Archan, government officials
Kasak	Advisor	Archan, Ph.D
Phra kru	Advisor of Hand Milled Rice	Monk
Saichon	President of Hand Milled Rice	Amnuay's sister
Saad	President of Salted Egg Group	Assistant of Head of Village
Charearn	Advisor of Chilli Paste Group	Archan
Kru Saad	President of Herbal Group	Kru, the elder, local kuru
Prayoon's wife	President of Banana Group	Head of Village's wife
Sarapee	Advisor of Banana Group	Kasak's sister, Archan
Pranom	President of Shampoo Group	Kru's wife
Thongdee	President of Blanket Group	Head of Village's wife

Source: Data collected by the author.

The relationship among those leaders can be considered in terms of kinship and "*Kreng jai*". For instance, Kru Saad was the teacher of almost every

leader on the cultural council who was born and who grew up in Huasamrong. Archan Chareoan was a student of Archan Amnuay. Kru Saad was a teacher of Kru Amnuay and Dr.Kasak.

In term of kinship, it is apparent in the Hand Milled Rice Group, Saichon is a sister of Amnuay. Imbued with her brother's work ethic, Saichon has devoted herself to collective work. In addition, being single is another reason. Also in other activities, as seen from the arrangement of the visits by external guests, Saichon played dominant roles in organizing meals and other management tasks. As she said:

I am single. No husband and no children. I don't have to worry about myself only the community. (Saichon, Interview on August 5, 1999)

The importance of kinship and leaders' connections is also revealed in Preserved Banana Group. Sarapee is a sister of Kasak. She is a group advisor at her brother's request. Under her guidance, the group went to train in Bangkok and started its business.

4.2.5.4 Villagers' Perception of Utility

It is notable that most of the activities at Huasamrong are income generating. Among the 31 existing groups during the time of this study, 21 groups including the saving groups or two-thirds of the organizations have operated as income generating.

This confirms an underlying pattern in the culture of Thai rural society, which was found in 1960s¹ (Kingshill, 1960: 7-11). One of the foremost themes is utility. The villagers seem to govern their actions by what is expedient for them at the moment. Similarly, the Huasamrong community business groups were established for the purpose of increasing the income, which was perceived as useful to the villagers in monetary terms, while the attempt to organize cultural groups is more difficult to maintain.

¹ The seven themes proposed by Kingshill (1960) in his study of Kudang community are 1) utility, 2) profit, 3) fun, 4) individuality, 5) communal responsibility, 6) "Do Good, Receive Good" and 7) play safe.

Tam-Ma-Ha-Kin or working for earning and feeding is an important issue in the villagers' daily life. Regarding the villagers' perception, cooperating with the group is a major barrier to their income generating activities because it wastes their time for *Tam-Ma-Ha-Kin*. But when it comes to community business activities, the villagers have been tentatively willing to cooperate due to their perception of the utility from common interests.

At the same time, *Leang* or being treated to a meal is a method used by leaders for labor exchange. It is the villagers' perception of utility in which they are expected to be treated to a meal in exchange for producing a tangible outcome. For example, Charearn of the Chili Paste group offered the villagers a meal in exchange for their cutting the grass.

In addition, in terms of profit sharing, all CBOs have tentatively disagreed in extending the numbers of their membership. Currently, all CBOs in Huasamrong are small-scale village organizations ranging between 12-24 members. Despite the fact that those CBOs have the potentiality for expanding the group's size to increase its capital, all CBOs studied in this case refused to do so because the villagers perceived that the greater the number of members is, the lower the shared dividend would be.

4.2.5.5 Business Practices

The CBOs in Huasamrong are not full-fledged business organization. The original objectives is to organize the villagers into groups and to set up development activities rather than business activities. The CBOs were organized as part of civil society groups but not simple as profit oriented organizations. Business activities are therefore perceived as extra or additional kind of activities. For example, Kru Saad enjoyed being in the group because local wisdom about traditional medicine from friends and himself can be revitalized among the younger generations. As a result, the villagers lack of motivation to earn profits and business practices are spontaneous with less efficient management.

Folk Ways or Market Oriented Practices

Apparently, all CBOs in Huasamrong have been based on folk or traditional ways and not professional or market oriented practices. The members of

the CBOs have not been concerned nor focused on the necessary components of business administration. For example, in the case of the traditional medicine group, there is neither a balance sheet nor any systemic accounting record. Or the group that produce chili paste will begin activities only in the time when Amnuay can find market order. Therefore, in the long run, it would be difficult for the group to work with an outsider or to enlarge its business activities.

Management Capability and the Learning Process

In the case of Huasamrong, the local villagers learned about production and business management. Their learning processes are stimulated through three modes of learning. First, through the exchanging process among local villagers themselves. When local villagers went to Chainart, the concrete experiences of the villagers at Chainart in hand milling and doing business were transferred to the Huasamrong people. Empirical experiences of other villagers outside the community encouraged and suggested to the Huasamrong people that they begin a community business. The transfer of knowledge and technology proceeding from local wisdom also was a transfer from elder to younger members of the community. For example, the older women showed and taught hand-milling techniques to the younger women, or the older men in Herbal Group passed on his knowledge to the younger men.

Second, self-learning. Apparently, there is no specific organized training or field trips to teach business skills, but the villagers self-taught themselves. When the Huasamrong villagers started their community business, engaging in business activities gradually created the self-learning process. It was "learning by doing." For example, Hand Milled Rice Group learned about bargaining, storing, and the division of labor in production through practice. Like business skills, production skills were enhanced through self-learning. The Chili Paste Group sought the best taste for their product before adopting certain recipes, or when the Salted egg group learned to avoid moistening eggs.

Third, formal training. Knowledge and technology were transferred directly from experts or academic institutions to local villagers through formal training. For example, when the villagers had an opportunity to participate in training courses organized by the Chulaporn Institute. Another example was when a friend of Kasak came to the village to teach local farmers to make salted eggs, or

when the Shampoo Group learned to produce shampoo from government officials from the Community Development Department.

Through learning process, local villagers are then capable of producing all products by themselves. Production skills of the villagers are increased when they are well trained, such as in the Ang Thongdang Banana Group or when local wisdom is transferred among local villagers such as the Hand Milled Rice Group. Villagers then can rely less on Amnuay and Kasak for production process.

Market Niche and Opportunity

There were no feasibility studies before launching the businesses. Systematic and holistic analyses were applied in the formation of the Salted Egg Group only. In terms of community development, doing business in salted eggs could create a linkage to other income generating activities. For example, ducks farming used to be a regular activity of every household in Huasamrong. Later, the activity was dramatically decreasing. Kasak said:

It was shocking when we found that eggs were not even for consumption in Huasamrong. The store had to purchase eggs from other places. (Kasak, Interview on October 15, 1999)

Apparently, the salted egg business has increased duck raising, which has resulted in additional income or the reduction of food expenses. Duck eggs have been collected for consumption and for sales. The villagers raised ducks in the paddy fields which held to maintain an ecological balance.

The building of market opportunities at home was created through field trips and visits initiated by Amnuay. The outsiders became customers for community business products. Having meals provided by the villagers costs 70 Baht for each person. Approximately, 11,200 Baht of revenue per month are from 40 visitors per week or 160 visitors per month. In addition, most visitors also purchased local products from CBOs.

Transparency and Accountability

Although a major limitation of the study results from the lack of an opportunity to access financial accounts, all the figures mentioned in this case

were verbally reported by key informants. Data from interviews revealed that all CBOs keep records on revenues and expenses, but not in a systematic way. The Chili Paste Group revealed its expenses and revenue to its membership every month during its meeting for profit sharing. Or in the case of the Hand Milled Rice Group:

We have many expenses. All revenues and expenses must be told and recorded in our accounts. For example, we bought insecticide at 70 Baht, we wrote it down. (Saichon, Interview on August 5, 1999)

Or in a case of the Salted Egg Group, Saad added:

We always talk about our business during work including the topic of how much money we spent and how much money we have. (Saad, Interview on September 1, 1999)

However, from the villagers' perception, honesty is more important than transparency. Buddhism is at the heart of this value. For example, as seen from the operation of the hand milled rice group, the women have incorporated the group's philosophy into their businesses. Saichon of the Hand Milled Rice Group said:

We weigh the rice for each pack a bit over two kilograms. We do not dare to take advantage of our customers. It's a sin. If we do, in the next life we will be born cross eyed. (Saichon, Interview on August 5, 1999)

Also Kru Saad of Herbal Medicine Group said:

We never have to write accounts but tell verbally every Baht we have and every Baht we pay. We must pay back those persons who made payment in advance. No way to be dishonest. We are all the elders and fear sin (*Bap Kam*). (Kru Saad, Interview on August 12, 1999)

However, only trust without book keeping system may result in malpractices in the long run. Without record, there is no systematic way to monitor transparency and accountability.

4.2.5.6 Gender

It was observed that all board members of the cultural council are men while most of the members in the CBOs are women except in the Traditional Medicine Group (see table 4-22).

Table 4-22 Gender Classification in Huasamrong CBOs

Community business organizations	Men	Women
Hand Milled Rice Group	-	14
Salted Egg Group	1	13
Chili Paste Group	3	22
Preserved Banana Group	2	12
Shampoo Group	-	15
Blanket Group	-	14

Source: Data collected by the author.

As reflected by Saichon, the president of the Hand Milled Rice Group, men are considered “non-serious” (*Mai ou jing ou jung*) or “inefficient” (*Mai dai reang*). Saichon said:

When men are assigned tasks, they always show off how easy the tasks would be done by them. But when it come to delivery, men have many excuses for why the work is not done yet. (Saichon, Interview on August 5, 1999)

In addition, men in Saichon’s ideas have an unabling attitude towards community business activities.

They think all of our work is just small things and insignificant or just women’s issues. They prefer bigger stuff. They’re willing to go for drinks rather than go to the meetings. For women, we commit to what we said. (Saichon, Interview on August 5, 1999)

4.2.5.7 Over-reliance on the Outsiders

Development activities which were not generated from real local needs and which tentatively relied on the outsiders could not be sustained. Amnuay and Kasak may consider outsiders, although they were born at Huasamrong, most of their current lives have been spent in Bangkok. There is an existing gap between them and the villagers in economic status, life styles, ways of thinking and etc. Amnuay and Kasak have not confronted the problems of the rural villagers such as the decline of price of agricultural products. Therefore, their initiatives might not reflect the real local needs.

Many ideas and activities in the CBOs did not originate and operate by the local villagers alone. On the contrary, those groups performed their activities based on initiation from Amnuay and Kasak. It was Amnuay and Kasak who stimulated and persuaded the villagers to think about the potential benefits that would be derived from those activities.

The proactive roles of Amnuay and Kasak have also resulted in over-reliance of CBOs at Huasamrong as seen from every stage of the operation of community businesses, such as at the formative period of newly emerged CBOs:

If there was no Archan Amnuay, there would be no group today" (Saichon, Interview on August 5, 1999)

Or in the case of Hand Milled Rice Group:

Archan Amnuay told us to do hand milled rice because it would be a supplementary occupation for the villagers. (Saichon, Interview on August 5, 1999)

Similar to roles at the formative stage, Amnuay is a key person for business activities. Particularly in the issue of marketing, most of distribution channels for almost every kind of product depend on Amnuay's capability in searching for markets. Amnuay also created market opportunities for community business products by arranging visits to Huasamrong.

Furthermore, Amnuay gained another market window of opportunity for sales from special occasions. With his suggestion and activeness, the council

received orders for gift baskets for the New Year Celebration. The gift baskets contained different local products from the CBOs -- hand milled rice, salted eggs, chili paste, herbal medicines, shampoo as well as baskets. In 1999, about 746 of gift baskets at a cost of 430 Baht each were ordered and sold. Most of the orders were from the NCCO whose policy focuses on the promotion of local culture. Meanwhile Amnuay's responsibility included product delivery and collection of payment. After receiving payment from Amnuay, sharing of benefits among members in various CBOs was made immediately.

Or in training process for production, the CBOs must be supported with the assistance of Amnuay, Kasak and their connections.

In addition, after building the distributional channel, Amnuay has continued his role as a major coordinator, such as checking sales, collecting money and delivering products.

The experiences of the various CBOs showed that almost activities conducting at Huasamrong have been closely monitored and supervised or even implementing by Amnuay and Kasak. Without their handwork, the operation of the community business would be not possible which may result in the uncertain future of community business in Huasamrong. The challenge here is for the villagers to be truly monitored by Amnuay and Kasak and also for the two to make themselves dispensable gradually. As the villagers are the true stakeholders of their CBOs, they will have to learn to be truly self-reliant.

4.2.5.8 Relationship with Local Government Agencies

The relationship between the CBOs and local government agencies particularly at the district level is not currently favorable. The villagers, including Amnuay and Kasak, who are also government officials, have the feeling that government agencies are tedious, inefficient and insincere.

For example, when the Hand Milled Rice Group requested participation in a fair in Lopburi. Saichon tells the story:

At the beginning, community development workers came to our group but there was never any help from them despite our great need in funding. They've just wanted to "catch tigers with bare hands" by getting us

to participate in government fairs many times...
...Sometimes, they even took a TV crew to take camera shots of our story and show the public that their work was being done very well. Getting recognition from our work." (Saichon, Interview on August 5, 1999)

Even with this mistrust of the government, the villagers had cooperated with the district continually. The cooperation came to an end when the community workers needed to go to Lopburi as a part of a government project on the "*Sufficiency Economy*" policy of the Ministry of Interior, but the group refused. Saichon said:

Last year, community development workers came here again and told us to go to Lopburi. They said they had a tent for us at the fair but said nothing about traveling expenses. We had discussions on whether to go or not to go. Had we gone to Lopburi, we would have to pay ourselves for truck at 200 Baht one way. It would have cost us 400 Baht, plus wasting our time if the products couldn't be sold – every Baht of income we earned with our sweat. It was not worth it. We would just be wasting our money and time. So, we didn't go and so what?(Saichon, Interview on August 5, 1999)

A similar feeling and reaction happened with the Chili Paste Group when the group invited Kamnan to participate in the activities but Kamnan never showed up:

Bureaucracy never paid attention to us. We invited Kamnan and other board members of TAO two times. But they've never come. So we would not invite them again. (Saichon, Interview on August 5, 1999)

4.2.5.9 Linkage to the External Agencies

Besides, local government agencies, the Huasamrong CBOs have connections to some organizations based on the reputation of the Huasamrong community through words of mouth and publications, i.e. the book written by the villagers, and through Amnuay's connections. The following organizations coming to support the Huasamrong CBOs are:

1) Media: TV and newspapers went to the community and reported on the villagers' activities. Linkages with external media have enabled the group dynamics and member enthusiasm. As demonstrated by the Chili Paste Group:

Last year, a TV crew came here. People of the Nam-prik group were more active and better known. This year is different. Nobody came. (Charearn, Interview on September 1, 1999)

2) NCCO is an office where Amnuay and Kasak work with. The policy of NCCO facilitating the work of Amnuay and Kasak as well as supporting the operation of the community businesses. Field trips by government officials in the NCCC were arranged for Huasamrong.

3) Academic institutions: the Lopburi Ratchapat Institute is a local college in Lopburi and Amnuay is one of board members of the institute. In an attempt to promote the local academic institution to serve local communities, the college initiated a research project surveying the database of the Huasamrong community, including the demand and supply of goods and commodities in Huasamrong. This kind of information would be helpful in the practice of community businesses. In addition, other training institutions have played their roles in developing the learning process for local villagers, such as the Leadership School established by General Chamlong Srimuang where Amnuay sent some key persons in the council for a training course for leaders. The Chulaporn Research Institute provided training in banana product development.

4) Corporate: Bangchak Petroleum Public Company Ltd. has its policy to promote community owned gas stations. With a personal connection through Dr. Prawase, Amnuay met Sapon Supamong, a former CEO of Bangchak Petroleum Public Company Ltd.; Amnuay has encouraged the cultural council to launch a community business center, including a community gas station. During the time of data collection, it was in the process of mobilizing resources from villagers and preparing for land utilization.

5) Lemon Farm Cooperatives Shop: As a market place with three branches in Bangkok, the Lemon Farm is the biggest retail store for local products. Products of the Huasamrong community businesses, which are distributed through the Lemon

Farm, are hand milled rice and chili paste. For other products, various CBOs confront some difficulties. For examples, the product of the Salted egg Group does not meet shop standards because when placed in an air-conditioned room, fungi grow on the bamboo basket. Other CBOs are in their initial stage and do not have the management capability and opportunity for distributing their products through the modern retail stores.

6) Lopburi Cultural Council is the only people organization connected with the Huasamrong community. Cooperation is in the form of financial support and participation in activities arranged by both parties. At the same time, there is no evidence to reveal connections with other grass roots organization in other community.

4.3 Nongwah: Community Business with the Giant Corporation

4.3.1 Community Context

4.3.1.1 Location and Background

Nongwah is a small community established 23 years ago in Bangson Sub-district, Panomsarakam District, Chacheongsao province (see figure 4-15). It is under the administration of the Tambon Administration Office of Ban Song. There are now 213 villagers in 48 households.

The establishment of the community was initiated by the Chareon Pokpand (CP) Group, a Thai business conglomerate, in 1977. In addition to CP's extensive business ventures, it is involved in numerous community development activities. Among these are projects operating in rural areas and a project named "*Nongwah Farming Village*" has come to be widely known as a model for rural development initiated by the private sector.

Different from other rural communities, Nongwah occupies a rather large area of 1,253 rai and is well-organized with community planning and modern style houses. A fence around the area clearly indicates the community as private property.

Access to the community is by way of an asphalt road which connects it to the main road between Chacheangsoa and Panomsarakam. Nongwah is at the end of the road. Along the road to Nongwa are other villages of Tambon Ban Song. Exit and entry to Nongwah is through one gate, which has a 24-hour guard. At this gate there is an area filled with water and an antibacterial agent, which all vehicles must pass through to kill germs. All outsiders must identify themselves with the guard before entering and are examined before leaving.

4.1.3.2 Demographic and Socio-economic Status

As seen from figure surveyed by the CP Group, a number of population of 213 villagers is among 48 households in Nongwah community or 4.4 persons per household in average.

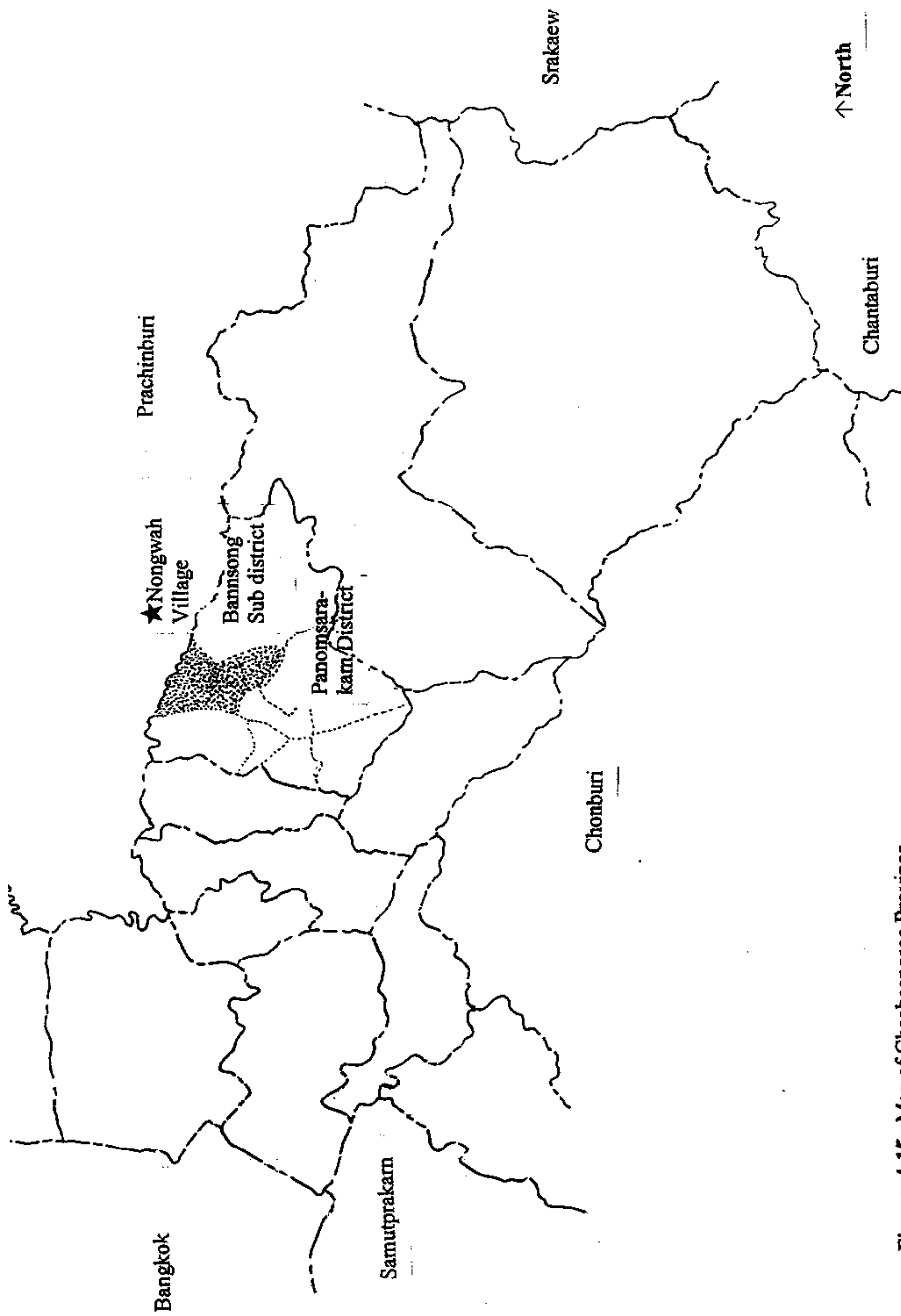


Figure 4-15 Map of Chacheangsoa Province

There are 213 villagers in 48 households in the Nongwah community. This is an average of 4.4 persons per household. The proportion in terms of number between male and female is indifferent. Most of the villagers are adults aged between 21-40 years (35.6 percent) and youths and children (38 percent). (See table 4-23).

Table 4-23 Demographic Information of Villagers in Nongwah Community

Age	Number	Percent
Less than 10 years	36	16.9
11-20 years	45	21.1
21-30 years	38	17.8
31-40 years	38	17.8
41-50 years	25	11.7
51-60 years	15	7.0
More than 61 years	16	7.7
Total	213	100.0

Source CP Group. **Nongwah Agricultural Village**. 1998. (Mimeograph in Thai)

In 1998, the average annual household income was 512,100 Baht or 42,260 Baht per month, which was relatively high when compared to the national average (NESDB, 2000:1). (See table 4-24) Aside from swine raising, the villagers gain dividends from the villagers' company. This amounts to about 12,000 Baht a year.

In addition, each household owns the following assets: 24 rai¹ of land, a house, and a pigpen. About 63 percent, or 29 households, have cars and all households have motorcycles (CP Group, 1998: 7).

¹ Approximately 9.6 acres. (2.5 rai = 1 acre)

Table 4-24 Average Annual Income and Expense of a Nongwah Family

Items	Baht
Revenues	2,408,400
Feeds	1,230,750
Breeding Stocks	171,000
Medication	149,400
Farm expenses	74,700
Death loss	85,500
Repayment of debt & interest	184,950
Total Expense	(42,140)
Net Profits	512,100

Source: CP Group. 1998. Mimeograph.

For education, about 36.2 percent of villagers in Nongwah community have compulsory education while 10.8 percent have education achievement at university level (See table 4-25).

Table 4-25 Education of Nongwah Villagers

Education level	Number	Percent
No schooling	12	5.6
Less than Prathom 6	41	19.2
Compulsory education	77	36.2
Vocational education	21	9.9
College and University	23	10.8

Source: CP Group. 1998. Mimeograph

4.3.2 The Emergence of Nongwah Community Business

4.3.2.1 From A Small Seed Shop to a Global Conglomerate

The Nongwah Village Agricultural Project was the brainchild of the Charoen Pokphand (CP) Group, one of Thailand's largest business conglomerates.

The CP Group's humble beginnings date back to 1921 when two brothers of the Chearavanond family arrived from China and started a seed trading business in Bangkok's China town. The small seed shop was called Chia Tai Store. In 1970, Dhanin Cheravanond, the youngest son of one of the founders, became the Group's president. His leadership marked the onset of phenomenal growth for CP.

The group expanded dramatically into agri-businesses ranging from vegetable seeds, animal feeds, poultry, swine and shrimp breeding, to farming business. In addition, CP also diversified into telecommunications and retailing, carpeting the country with more than one thousand 7-Eleven convenience stores and developing a chain of Makro warehouse stores.

Today, the CP empire had diversified into eight business lines with a presence in 20 countries.² Total consolidated revenues in 1997 were over 405 billion Baht with the core agribusiness accounting for 70 percent of annual revenues. The Group employed more than 100,000 employees worldwide through its 250 subsidiaries. Twelve of these companies were listed in the stock markets in Thailand, Asia, Europe and North America.

Besides CP's business success, Dhanin's leadership also brought to life the corporation's social conscience. In 1987, CP established the Rural Lives Development Foundation (RLDF)³ with registered funds of more than 20 million baht.

² Agro-Industry, International Trading, Marketing and Distribution, Petrochemicals, Real Estate and Land Development, Automotive and Industrial Products, Telecommunication and Insurance.

³ RLDF focuses on human development and career promotion, community development and improvement of quality of life, and restoration and conservation of natural resources and the environment.

In addition, CP emphasized the importance of education. It donated funds to construct schools in remote areas, subsidized student meals, and provided scholarships. Social and charitable work also included blood donation campaigns and fundraising activities for royal charities.

4.3.2.2 Company Philosophy and Community Business

When Nongwah was first established, Dhanin Cheravanont, the chairman of the CP Group, enthusiastically launched the Nongwah project himself. His philosophy, as well as that of the CP Group, is that a business should always benefit the country, the farmers, the consumer, the society and the company itself.

Additionally, CP's business approach is based on the assumption that *"when the customer makes money, the company makes money"*. In the case of agribusiness, the emphasis has been placed on the fact that CP cannot survive in the long-run unless the farmer's well-being is improved. Apaichon Watcharasin, Assistant Managing Director stated:

Farmers are friends of the company. Farmers account for 80 percent of the country's population. Therefore, CP must help and seek help for friends. Not for charity but for our business....Our goal is to maximize returns for our investors. But whether profit will be sustainable or not depends on our customers. In our business, farmers are our customers. (Apaichon, Interview on November 4, 1999)

For CP, the farmers are its customers, as well as its partners. They form the basis of CP's core business. This is reflected in one of the slogans that embody principles that have guided CP through the years. As stated by Apaichon:

The survival of the company depends on the well-being of farmers...

...When the customers make money, the company makes money. The CP Group realizes the importance of the agricultural sector as our core business...

...Our logo, a lotus flower blooming above the water symbolizes wisdom and reflects our policy to use wisdom to help farmers achieve success in their business. (Apaichon, Interview on November 4, 1999)

This philosophy has worked in several ways, one is contract farming. In 1970s, the CP Group pioneered a system of contract farming that aimed to improve the farmers' animal husbandry techniques while encouraging them to purchase and use CP's agricultural products. A method of contract farming has been employed in the implementation of the Nongwah project.

At the same time in the 1970s, the country was deeply involved in its land reform policy. Land reform had benefited a number of farmers who finally secured ownership over their land. However, some farmers sold the land that was given to them and some even went on lavish, unproductive spending sprees using the money they obtained from selling the land. Finally, those poor farmers became landless again. Apaichon said:

Sam Loh Took Huay (taxi tricycle driver winning the lottery) is the best simile for poor farmers who had their own land but do not know how to get benefit from it. They just sell their land for lump-sum and then spend all the money on luxurious things such as cars, stereos, clothes, expensive meals without getting any further benefit from it. It's like having a bicycle without peddles or not knowing how to peddle. In the end, the bicycle is just a pile of useless steel. (Apaichon, Interview on November 4, 1999)

Dhanin knew that in order for land reform to be truly effective, the root cause of this problem needed to be addressed.

Teaching them to fish is better than giving them a fish," Dhanin thought, remembering the words of Mao Tse Tung. (Apaichon, Interview on November 4, 1999)

He then sought the help of Dr. Thomas Yuen, a Taiwanese expert on land reform and agricultural development, who in turn recommended that land reform go hand in hand with career development. To test this idea, Dhanin approved the launching of a pilot program with the Nongwah community as the project site.

4.3.3 Nongwah Agricultural Village Project

4.3.3.1 Project Background

After discussions on concepts on land reform and agricultural development, Nong Wah community was selected as a project site.

Situated in Ban Song, Panomsarakam district in Chacheongsao province, Nongwah was about 80 kilometers east of Bangkok. Dhanin and his team had two reasons for choosing Nongwah as the target area.

First, the chief of the Panomsarakan district then was Tiwa Posombat⁴. Chief Tiwa was known around the country as hard working and people-oriented. Cooperation among partners, specifically the private and public sectors, was a principle that guided the project team. Chief Tiwa was therefore viewed as a significant collaborator from the government side. After several meetings between the CP Group and related government agencies as well as approaching to chief Tiwa, the project was ready to be launched.

Second, the team thought that pilot testing in an area with the worst land condition was a good way to measure the program's design and effectiveness. Draught-stricken Nongwah community seemed perfect for the pilot run. To demonstrate a pilot project on the worst land condition would be a good example for the following development projects.

Before and during its implementation process, the Nongwah project has gained cooperation from three major partners: the CP Group, the Bangkok Bank Ltd., government agencies. The latest partner, the Bangkok Bank had involved in partnership because financial institution is a necessary condition under the underlying concept of business principles.

To complete the project team, Dhanin invited his friend, Bangkok Bank Managing Director Mr. Boonchu Rojanasatien⁵ to be CP's partner-financial intermediary for the Nongwah project. Boonchu was known for his dedication to

⁴ For his achievements, he received the Outstanding Chief Award from the Thai government.

⁵ Mr. Rojanasatien also served public office as Minister of Finance from 1975-1976 and as a former Deputy Prime Minister from 1980 – 1983 and from 1992 – 1995.

propel national development and it was not difficult to convince him about the merits of the project. The Bangkok Bank Ltd. then committed and involved as development partnership.

With technical consultations with Dr. Yuen, several planning meetings among three partners: the CP Group, the Bangkok Bank Ltd., government agencies, the Nongwah Agricultural Village Project was ready to be launched. The project aimed to enable the farmers to own their land and introduce them to new concepts on commercial farming with CP providing support for business ventures and marketing. Its principles and objectives were as follows:

4.3.3.2 Principles of the Project

- 1) To bridge cooperation between the private and public sectors for agricultural development in the country
- 2) To demonstrate a pattern of integrated agriculture combining livestock breeding and plantation development
- 3) To emphasize the importance of the transferability of modern agricultural technology which mainly relied on the cooperation of related agencies and assistance from experts, as well as the enthusiasm of the farmers.

4.3.3.3 Objectives

The specific objectives of the project are:

- 1) To raise the farmers' income by improving the means of production rather than increasing the price of agricultural products. Therefore, modern technology would result in the reduction of the cost of production;
- 2) To organize business structures for farmers' organizations because business structure and modern technology were necessary for increased efficiency;
- 3) To increase the value added of primary commodities; and
- 4) To preserve soil fertility and prevent forest deterioration.

4.3.4 Beginning Period under the Company Umbrella - Phase 1 (1977-1987)

4.3.4.1 Starting Point

At the beginning, 50 farmer families were recruited to join the project by an appointed set of committee which comprised of the CP Group, the Bangkok Bank Ltd. and government agencies.

There were two modes of membership. First, farmers could voluntarily participate by contributing their own land to the project. They were automatically accepted as members. Second, poor and landless farmers enlisted and were selected by a screening committee.

Chief Tiwa called for the meetings among heads of villages and informed them about the new project as well as recruitment criteria. Head of villages proposed candidates to the recruitment committee for consideration.

As a result, there were only 12 families who joined the membership voluntarily by land contribution. The committee must recruit the remainders by considering of the farmers' qualification- poor, landless, hard-working, integrity, interesting and loving in agricultural sector, no debt, healthy and moral and ethical behavior.

However, during membership recruitment process, there were rumors and gossip on its selection criteria. Apparently, some members were not eligible but were recruited because they are closely related to Head of Village and Head of Tambon in terms of clans and kin.

After completing recruitment, CP then arranged a two-month training on modern swine raising technology. The Group, however, encountered some difficulties. CP envisioned massive scale swine raising for Nongwah. Many of the farmers had no knowledge about swine raising. Besides, swine raising was considered by the farmers as a very hard job. The Group's challenge, therefore, was how to convince the farmers that profits could be made from swine raising and from the economies of scale from mass production. When this was accomplished, introduction of modern technology could proceed.

After completing the training course, the project granted each farmer family with the following assets: 24 rai of land, a house, a pigpen, swine breeds (30

sows and 2 boars), equipment, animal feed and animal medication. The project itself owned 53 rai of land with 24 finishing houses containing 12,000 fattening pigs, a project office building and 3 staff houses. The CP Group guaranteed loans to purchase land and for all fixed capital and working capital requirements. Overall, a total of 1,253 rai (495 acres) of land were purchased. (See figure 4-16)

4.3.4.2 Business Activities

During phase 1, the CP Group directly managed the project by fielding a project manager and CP staff. As illustrated in figure 4-17, the CP Group and its partners interacted as follows:

1) Finance: The project received loans amounting to \$US 100,000 from the Bangkok Bank. The CP co-signed the loan contract and guaranteed the repayment of debts and interests.

2) Price guarantee: The project absorbed all costs of production and made contract to buy piglets at a guaranteed price.

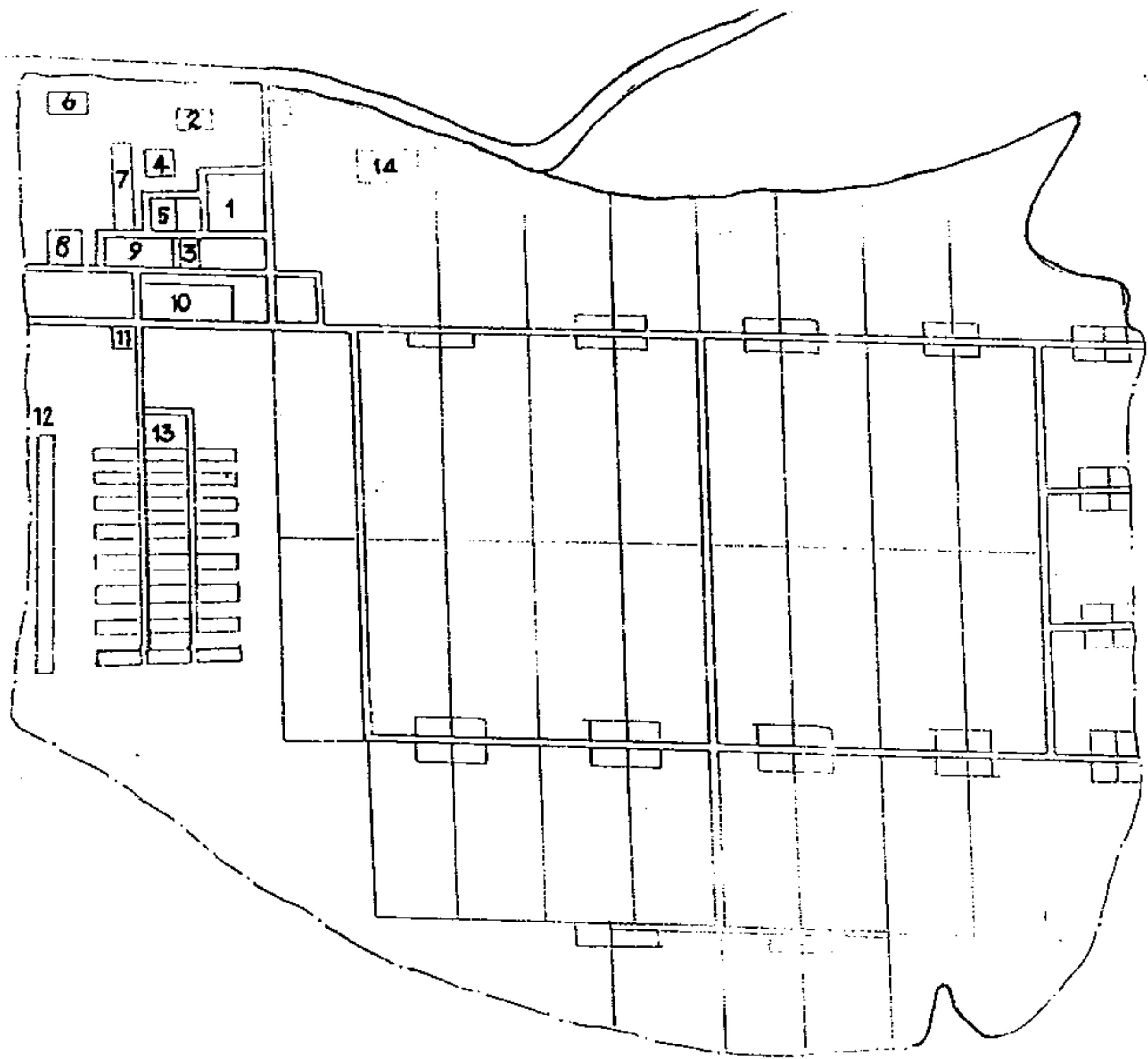
3) Production: Farmers produced eight-week old piglets weighing 18 kilograms. CP purchased them at a guaranteed price. Additionally, in the first six months, the project provided US \$14 of monthly income to the farmers and employed some of them as project workers. The project carried the costs of swine raising, such as feed, medication.

4) Animal feed: The project provided a feed mill for feed production.

5) Technical assistance: The project gave technical assistance on animal husbandry, accounting and management. Other equipment were likewise provided by CP.

6) Marketing: The CP Group was in charge of marketing.

During this phase, management on all business activities was under the CP Group with the project management. Relationship between the CP Group and the farmers was through contract farming and workers.



↑North

Figure 4-16 Map of Nongwah Community

Symbols	
1.	Office
2.	Project Manager's Residence
3.	Accountant's Residence
4.	Veterinarian's Residence
5.	Veterinarian's Residence
6.	Veterinarian's Residence
7.	Car Park
8.	Pig Houses
9.	Feed Mill
10.	Garage
11.	Antiseptic House
12.	Workers' Residence
13.	Pig House
14.	Gymnasium

As mentioned by Bhakdee Thaisiam, the President of Nongwah:

In the first ten years, the CP had prominent role in project management because project loans were guaranteed by the company. Production, marketing, accounting, controlling as well as other management must be in the hand of the CP staff. Farmers were only members producing piglets for the project. (Bhakdee, Interview on February 15, 2000)

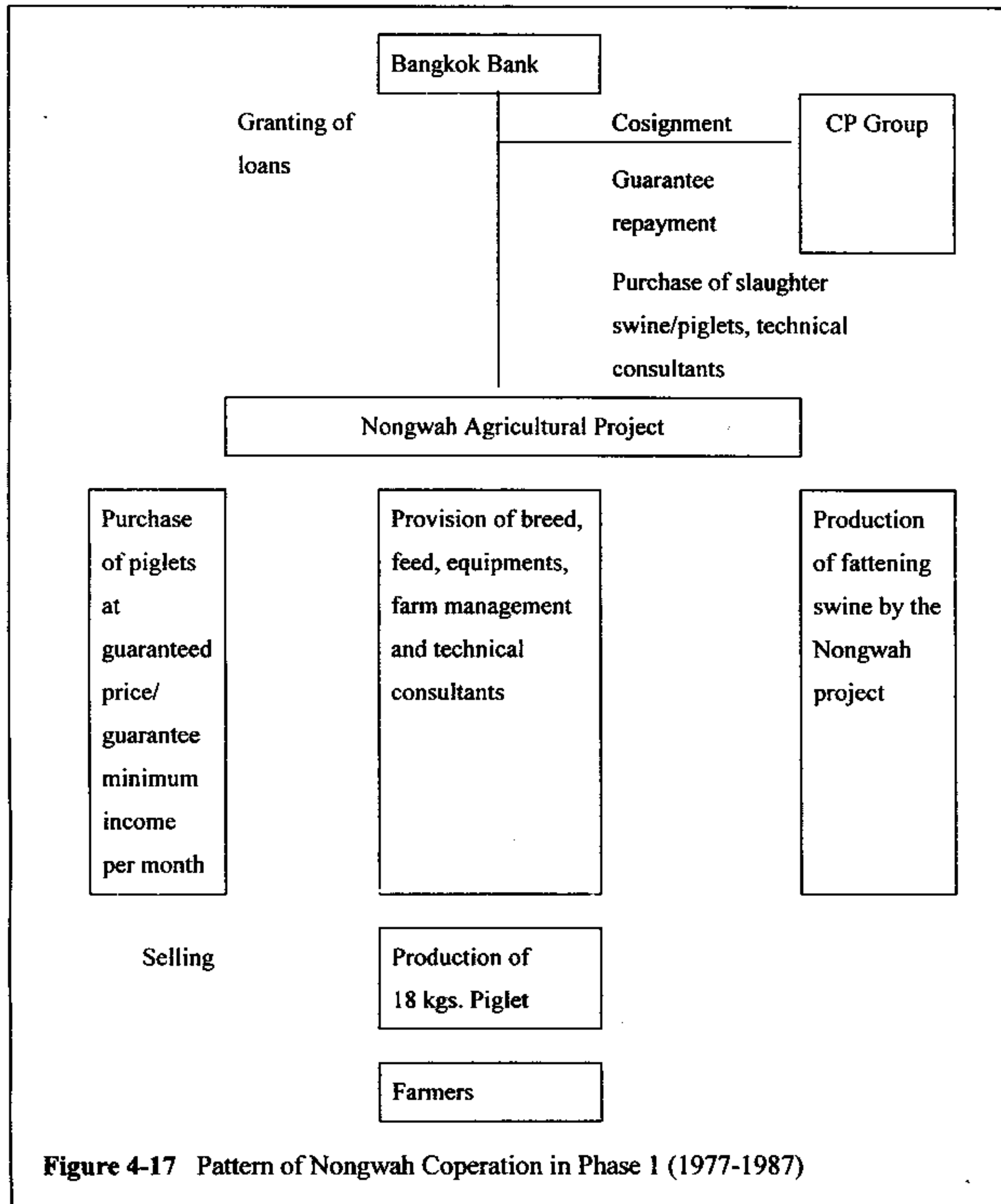


Figure 4-17 Pattern of Nongwah Cooperation in Phase 1 (1977-1987)

4.3.4.3 Problems Encountered

During phase 1, the CP Group was challenged by many problems. First, there were conflicts among the farmers. Apaichon recalled:

With the Nongwah project, farmer families from different places began to live in closer clusters. The relationship among the villagers, however, was still weak ...It was difficult to establish harmony and synergy...(and) no social control mechanisms existed. As a result, at the beginning stage, there were some reported criminal cases such as theft, homicide as well as moral problems such as adultery. (Apaichon, Interview on February 17, 2000)

The second problem resulted from dishonesty. Instead of selling piglets to the project, some farmers sold to the market. Others sold equipment, feeds and medication. Bhakdee Thaisiam, the President of Nongwah Co.Ltd. added that:

It is totally unfair for the majority if there is people who cheat on the project by selling their piglets to somebody else instead of following the contract. Because debts was burden on everybody. We collective used and repaid. If somebody are dishonest, s/he is exploiting the majority. (Bhakdee, Interview on February 15, 2000)

In addition, laziness and lack of discipline were also difficult to correct. Some did not follow guidelines for swine raising. These resulted in losses. As mentioned by Bhakdee:

Lazy and stubborn habit was also another problem. Some didn't follow recommendation for swine raising provided by the CP staff which resulted in losses. (Bhakdee, Interview on February 15, 2000)

To deal with such situations, the CP implemented corrective measures, penalizing the farmer-member with demerits, whose weights depended on how grave the offense was. Apaichon commented:

The project staff had to exercise patience. We also had to set rules and regulations which must be acceptable to all members. If someone was found breaking the rule,

the rest of the members must know that we were serious about correcting offenses. They could even be expelled from the project.” (Apaichon, Interview on February 17, 2000)

Another problem emerged from the political environment. At that time, there was a sharp rise in conflict between the leftists and rightists. Government was threatened by communism while progressive intellectuals and students objected to capitalism. Apaichon also stated:

For the Thai military, CP was suspected as part of the Red Chinese operations. Because Nongwah was a ‘collective farm,’ there were reports that the village was being watched by the national security council. While for the progressive intellectuals, CP was sowing the roots of capitalist evil. One intellectual in fact dubbed the farmers as the ‘pig house slaves’. (Apaichon, Interview on November 4, 1999)

To strengthen the cooperation of government, Dhanin spoke with former Prime Minister Kriangngsak Chamanan and some Cabinet Ministers. He needed to convince the government-side by giving them a deeper understanding of the intent of the project. Political connections and commitment saw the project through Phase 1.

By the end of 1987, each farmer owned 30 sows and earned an average income of 12,780 Baht a month of which 7,920 Baht went to loan repayment. When the entire debt was paid, ownership for all the assets was transferred to the farmer. These included the 24 rai of land and a house. The project management team and community leaders then discussed Phase 2 of the Nongwah project.

4.3.5 Villagers Owned Business Company: Nongwah Village Company Ltd. - Phase 2 (1988 – present)

4.3.5.1 Being Business Company

After having legal ownership on assets, with assets to use as loan collateral, the farmers were also able to secure loans from financial institution. Unfortunately, some of them sold their assets and moved out from Nongwah

community. For all assets belonging to the project, the farmers have collective ownership on properties.

As a result of discussions, Nongwah stepped towards phase 2 since 1988. One issue deliberated over for Phase 2 of the project's design was whether Nongwah would be registered as a cooperative or as a private company.

Principal underlining decisions on choosing between cooperatives and private company based on the facts that cooperatives is not flexible and has strings attached to government regulations such as cooperatives laws. Apaichon said.

Cooperativism has its merits but doing business under tight state control was inflexible and impossible to be efficient. For instance, cooperatives cannot request loans from commercial banks. The Nongwah company, on the other hand, could seek loans from commercial banks. Under cooperative laws, business must be closely monitored and inspected by state agencies with complex and detailed rules. (Apaichon, Interview on February 17, 2000)

Thus, with technical assistance and suggestions from the CP Group, the farmers organized their own company. The Nongwah Agricultural Village Company Ltd. was registered in 1987 with registered capitalization of 1 million baht. In 1992, the registered capital was increased to 2 million baht. Par value per share was 100 baht and the farmers were the shareholders. The farmers, as a collective, held ownership for all common assets of the project.

Recently in 1998, the Nongwah Company's debts stood at 30 million baht. This amount of loans was from Bangkok Bank and other commercial banks which was cosigned by the CP Group.

4.3.5.2 Organization Structure

The members proceeded to elect seven of their members to Nongwah's executive board. The board was to serve a two-year term. The company also hired 11 professional staff to manage the business under the supervision of the board committee and the shareholders (see figure 4-18).

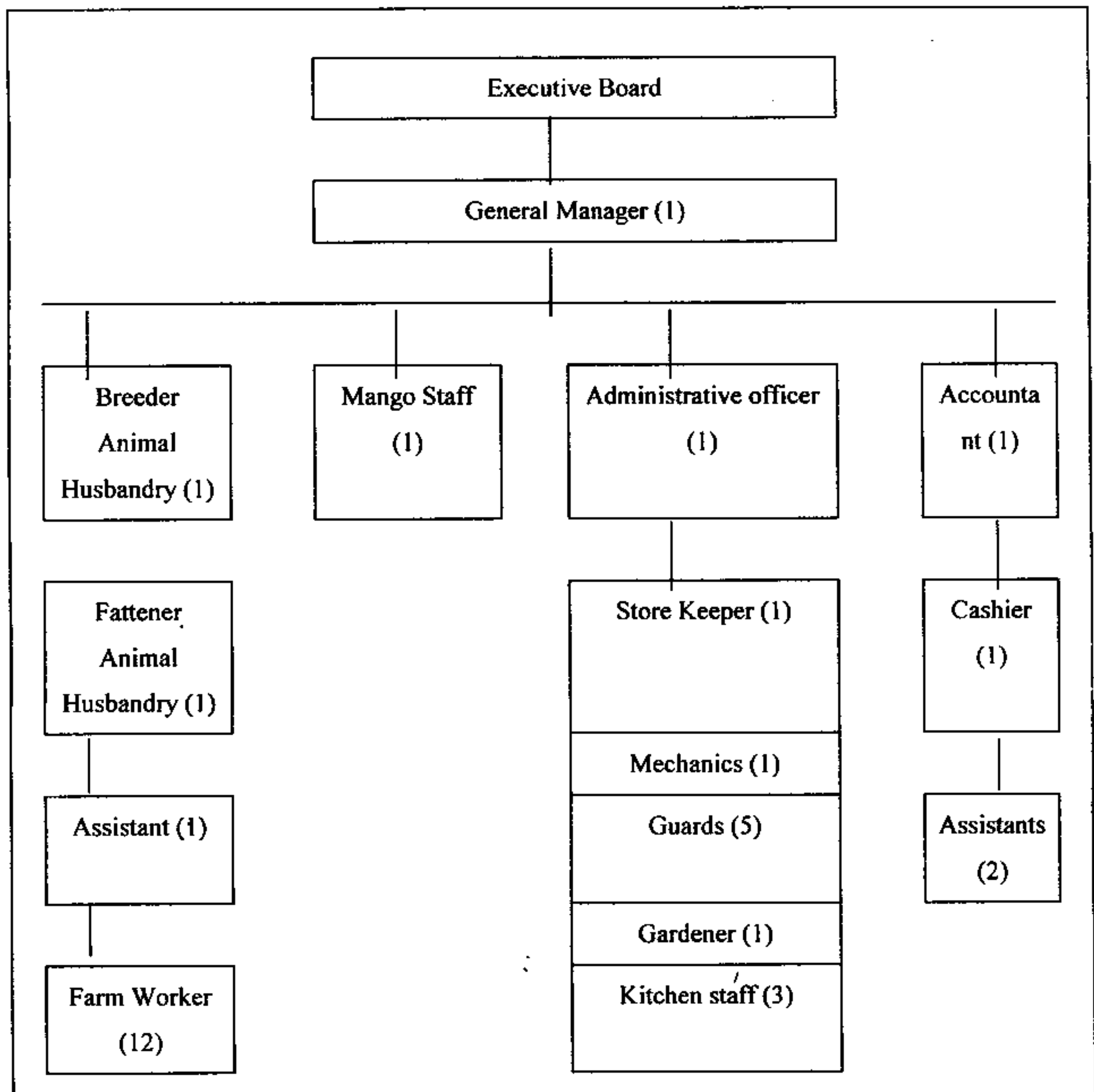


Figure 4-18: Organizational Structure of the Nongwah Agricultural Village Co. Ltd.

4.3.5.3 The President

Bhakdee Thaisiam, a former CP staff for project management, is the first elected president. He has continued his position until present. Bhakdee has a degree in animal husbandry science from the Kasetsart University. During working with CP in 1985, he married the daughter of one family in Nongwah, making him a member of the village and eligible to assume an elective post. After his marriage, he

resigned from CP and started his work as a Nongwah community member. Bhakdee commented on the people's confidence in him:

They said I was the most appropriate person who could run the business. Maybe because the company has a hundred million baht flowing into the business and I am a crazy person who really work hard for the public. For example, there was no telephone line for Nongwah community until 1997. I tried to talk to the telephone authority of Thailand but this area was under the responsibility of Telecom Asia (TA) company. I talked to a friend who worked for TA and he told me to approach TA president whom Dhanin worked with. Then I called Dhanin and he called the President of TA. After a few weeks, telephone lines were connected to Nongwah. (Bhakdee, Interview on February 15, 1999)

Bhakdee's determination also brought other benefits to Nongwah. There was a time when people complained about the dusty road. Bhakdee talked to a friend and obtained a good price for road construction.

4.3.5.4 Business Activities

The pattern of operation during phase 2 was: (See figure 4-19):

1) Production: The farmers raised 8-week piglets and sold them to the Nongwah Company Co.Ltd. The Nongwah Company bought those piglets at a guaranteed price of US\$ 28 per piglet weighing 20 kilograms. Twenty-five percent of the piglets were fattened in the company's finishing house. CP, in turn, bought them at a guaranteed price of US\$ 0.98 per kilogram. The other 75 percent of the piglets were sold to the CP Group.

2) Finance: Both farmers and the Nongwah Company received loans from commercial banks. The farmers negotiated loans from banks individually. Loans were granted based on their individual financing needs and collateral. The company, on the other hand, obtained loans with the guarantee of the CP Group.

3) Animal feed and breed: The Nongwah Company sold animal feeds and breeders to the farmers and produced feeds for in-house swine fattening.

4) Technical assistance: The CP Group provided technological consultants, technical staff for animal husbandry, accountants and management. These personnel were recruited and hired from the CP Group.

5) Marketing and business administration: The CP Group provided recommendations on business administration and market analysis for the Nongwah Company.

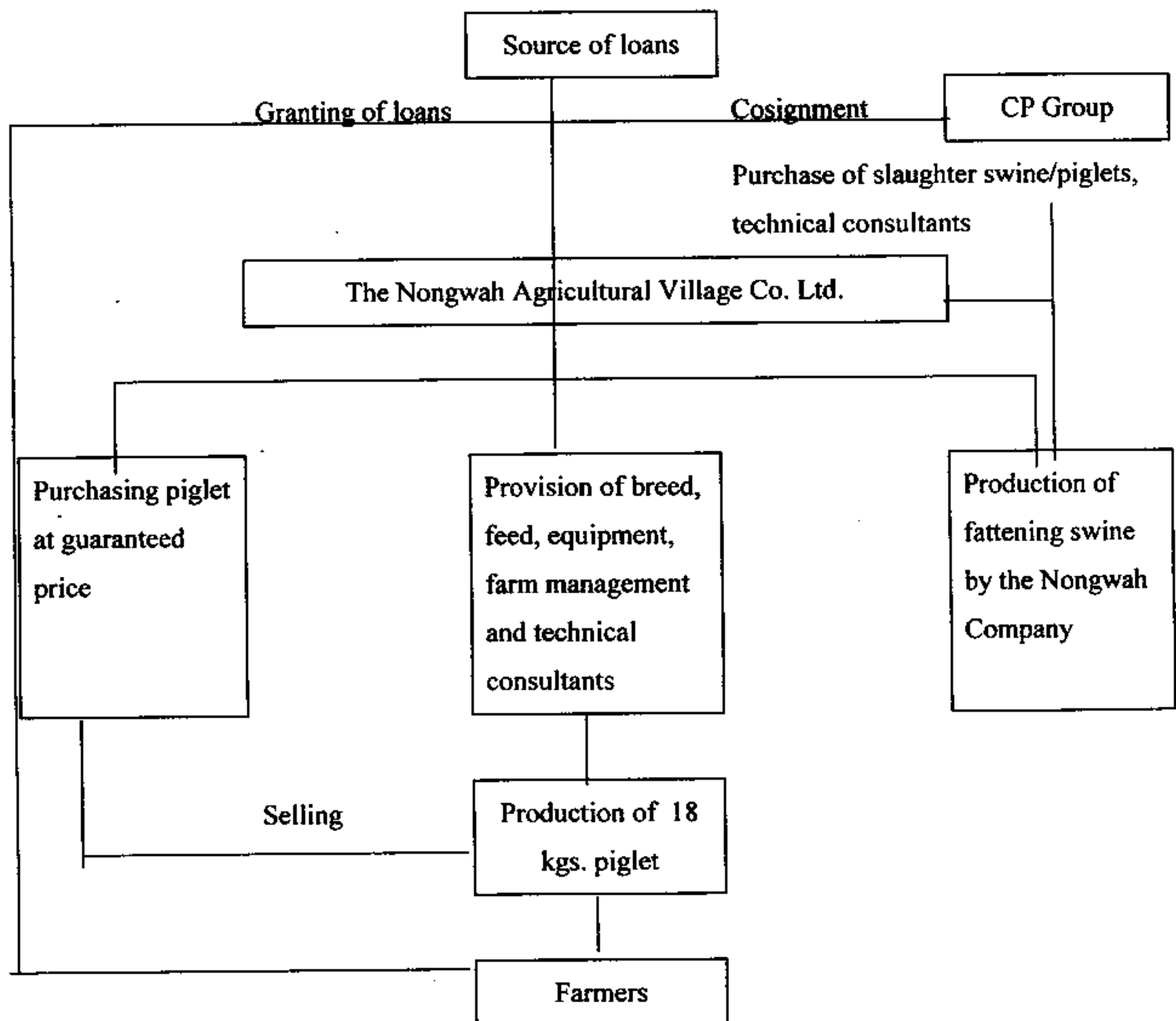


Figure 4-19 Pattern of Operation in Phase 2 (1988-present)

By 1998, the Nongwah Company Ltd. produced about 3,200 fattening swines and 24,000 piglets. Net income stood at about 8,544,195 Baht a year (See table 4-15).

Table 4-26 Income and Expense, Nongwah Agricultural Village, 1998

Items	Baht
Gross Revenues	201,152,430
Feed	122,089,770
Purchasing of piglet	50,546,790
Medication	3,344,985
Farm expenses	5,575,005
Administration expenses	4,126,140
Repayment of debts & interest	6,057,540
Others	868,005
Total Expenses	192,608,235
Net Profit	8,544,195

Source: CP Group. 1998. Mimeograph.

The business has contributed to economic development by providing 161 jobs in linkage businesses such as transportation (CP, 1998: 5). Additionally, profits from the operation of the Nongwah Agricultural Village Co.Ltd. has been contributed for education loans program for the farmers siblings as well as health funds for them and families' members. For health funds, the members can reimburse from the company for all paid health expenditures on family members.

4.3.6 Full Cycle Towards Self Reliance

In the year 2002, the Nongwah Agricultural Village project would move into Phase 3. Bhakdee and the farmers knew that this would mean that the Nongwah company would be dealing with fluctuations in prices and seek markets by themselves without the price guarantee of CP. Nevertheless, the farmers were not as concerned about that future economic situation than they were with other challenges facing Nongwah. Bhakdee expressed:

We learned a lot from our 20-year experience. We are not worried about both production and market. Our products are of high quality. And as a group, we have bargaining power. Even now, we are already capable of seeking markets by ourselves. At the same time, knowledge and technology about swine raising seemed to change and expand. And CP is our partner, providing us with valuable technical assistance. We are lucky to learn from them. (Bhakdee, Interview on February 15, 2000)

Bhakdee pondered on the many challenges facing Nongwah as it moves on to Phase 3 – what he calls the “full cycle of self reliance.” For one, Nongwah anticipates expanding into many activities.

He wondered about the plans of the farmers’ housewives to produce value added products such as sausages, bacon and pork jerky. Bio-gas production from swine dung had already been introduced to them with support from the Department of Agricultural Promotion. Some farmers had also started to utilize bio-gas. These activities had been supported and facilitated by the CP Group. Apaichon, commenting on CP’s role in Phase 3, remarked:

The company talked to the farmers about their future plans. We helped them analyze their situation and their future opportunities. We also facilitated their learning process. For example, we introduced them to the Department of Agricultural Promotion which supported bio-gas production. Or in case of the housewives’ group, we advised them that they could not begin to produce products until the slaughter house had been completed. (Apaichon, Interview on February 17, 2000)

The completion of slaughter house would be a key factor to the full cycle of self reliance for Nongwah. Bhakdee mentioned:

Now we are in the process of making a feasibility study for the slaughter house. Once built, we will complete the full cycle of the swine-raising business. Now we already have breeding stocks and fattening swines. Then, we will sell at market price instead of the guaranteed price. (Bhakdee, Interview on February 15, 2000)

Bhakdee wondered if distributing their produce through CP's Makro and Lotus outlets would be acceptable. Besides that, Nongwah could still lobby with CP to help secure financing to build the slaughter house. Bhakdee reflected:

The investment on the slaughter house is relatively high. It will cost about 20 million Baht for the building. Nongwah could ask for loans from commercial bank with the CP guarantee. (Bhakdee, Interview on February 15, 2000)

Bhakdee knew that it would not be difficult to secure CP's support. In fact, it was Dhanin who first thought of building the slaughter house. What concerned Bhakdee most was the issue of continuity. The second generation of Nongwah families has obtained higher education than their parents. Figures surveyed by the CP Group revealed that about 77 percent of head of households had no schooling and obtained compulsory education level (CP Group, 1999: 4). As a result, the youth have not enthused with the thought of continuing the swine raising business because it was considered to be hard and dirty work. They prefer to be employees, instead, even though income was much less than running their own swine raising business.

A program to provide supplementary career opportunities for the young generation was being considered. Through RLDF, new career opportunities could be introduced to capture the interest of the youth in the Nongwah farm. Diverse opportunities include starting a mango plantation, indigenous chicken farming, and decorative fish farming. CP's cooperation could be sought for training, provision of supplies and marketing. A second career was thought of as another source of income. Bhakdee said that,

Supplementary careers could help reduce any risk occurring from raising swine. The business is vulnerable to risks, such as swine disease or low prices. A second career could generate income for the family in these situations. (Bhakdee, Interview on February 15, 2000)

Bhakdee had also long been reflecting on turning over the management of Nongwah to the next generation of leaders. How to make a smooth transition was as important for him to consider as identifying his predecessor.

4.3.7 Win-Win Situation between Two Partners

4.3.7.1 Long-term Commitment of the Top Management

Apparently, the notion of Nongwah Community Business is a top-down idea from private business. Dhanin, the president of the CP Group initiated Nongwah and has continued his support to the villagers. His role and involvement in Nongwah is apparently dominant since the beginning phase. As reflected by Apaichon:

I have to admit that in Nongwah case, our top executives, Khun Dhanin has an outstanding role. At the beginning, he initiated the project and always gave priority to the community. He even suggested the idea of slaughter house in order to complete full cycle of swine industry. He never denied when farmers invited him to their ceremony even many times he just went back from abroad. (Apaichon, Interview on February 17, 2000)

Bhakdee also stated:

Khun Dhanin comes to visit Nongwah frequently. I feel he's very proud of us. Manytimes, he brings foreign guests along with him. We have documents which briefly summarized the project in Thai, English and Chinese. (Bhakdee, Interview on February 15, 2000)

As a result of personal interest, Dhanin has brought corporate with abundant resources and influential connection to the community such as staff, financial support from Bangkok Bank, technical advice from experts, market and supplies from the CP Group and etc. Therefore, his long-term support along 23 years is crucial for the community.

4.3.7.2 Corporate Partners for Community Business

In a case of Nongwah, the role of business corporate has heavily impact on the formation and operation of community business. The CP's philosophy and policy in assisting farmers has facilitated the growing of Nongwah Villagers Company. Through top down idea of business tycoon, after 23 years of Nongwah project, the CP Group has insisted on its philosophy on win-win situation between the

corporate and the community. As mentioned earlier, the CP Group perceived farmers as its customers and colleagues. The better being of the farmers are, the more profit the company gains. Underlined philosophy of the CP has become a long term strategy of the CP group in dealing with farmers. Apaichon emphasized that:

We, the CP Group realizes the importance of agricultural sector as our core business and we do respect on moral and code of conduct of doing business...

...However, we are business not a charity organization. Our goal is to gain profit. But whether profit will be sustainable or not depend on our customers. In our businesses, farmers are our customers...

...Khun Dhanin always emphasizes that since the group directly deals with Thai farmers, it will not be able to survive in the long run unless the farmer's well being is improved. (Apaichon, Interview on February 17, 2000)

What corporate could gain from social contribution is a challenge questions for business. As soon as the corporate can realize benefits derived from social contribution, all consequent activities would follow automatically without any regulation. For example, in creating environment for doing business, the company must concern the well being of the community as a major component of business environment.

In addition, in assisting the community, the assistance from corporate can be made in many ways. Aside in terms of money, the corporate could provide technical support such as knowledge and technology transfer which are more valuable and sustainable than donation. As seen from a case of Nongwah, the CP designed a system of business management for the community. Therefore, economic crisis is not an argument for ending up of the corporate's role on social activities. The corporate sector can assist community by giving them consultation, cooperation and networking like the CP Group has assisted Nongwah community business continually through its advisory roles.

Apaichon added about the role of business in social contribution:

In a case of Nongwah, we do many things. Nongwah is our business partner which we must treat them well and fair in the rule of game. We also give consultation on knowledge and technology. (Apaichon, Interview on February 17, 2000)

The case of Nongwah had already revealed the role of business in development activities. Unlike government agencies, business could be more proactive in working with the people. Apaichon stated:

Working with people must be patient. We have to set up rules and regulations. These sets of rules must be announced and accepted by all members. If we found someone break the rule, we have to “kill chicken in front of monkey”. So the rests of members will be aware of rule and majority.

Most importantly, we must be patient and stand face to face to those problems. We do not believe in N.A.T.O (No Action Talk Only) but walk to the problems and solve it. Do it and solve problems later is better than do nothing. (Apaichon, Interview on February 17, 2000)

Most importantly for business activities, since community business is involved directly with profit and the survival of organization, professionalism in doing business is a crucial factor for CBOs. The CP has assisted Nongwah with professional business consultants. Therefore, Nongwah Villagers' Company could move forward and survive in business community.

Chapter 5

Three Models of Community Businesses

The study deals with three different forms and structures of CBOs in the cases of Maireang, Nongwah and Huasamrong. Therefore, like other local organizations, the CBO is difficult to measure as a set of variables to compare its performance in terms of success and failure. On the contrary, the CBO is a vital unit of study as a social reality whose nature is highly complex and dynamic.

In addition, comparisons among the three cases in terms of success are like comparing apples with oranges. For example, it is difficult to evaluate the success of the CBOs at Huasamrong with the other two cases in Maireang and Nongwah. A part of reason is that they are different in age. Huasamrong CBOs are mostly young, while the others have been in operation for more than twenty years. In addition, there are numerous factors involved, ranging from contextual background, organizational characteristics and their relationships with outside agencies and players as well as linkages and networks affecting the existence and operation of community businesses.

Therefore, reminding ourselves of the old problem of comparing oranges and apples, and avoiding naïve comparative analyses between the incomparables, in this chapter the author uses an inductive approach to address the dominant features and characteristics emerging from each case. The following issues are examined: contextual conditions, organization characteristics and management, linkages and networks with various agencies and cultural features.

Thereafter, the author synthesizes the three models. Each model is built from a set of components that have emerged from each case. Key factors influencing the formation and manifestation of each case are identified with their patterns of interaction and linkages.

5.1 Characteristics of the Three Models

5.1.1 Contextual Conditions

5.1.1.1 Community History and Structure

Huamrong and Maieang communities are similar in their long histories, which can be traced back for more than a hundred and fifty years. Community history is closely related to a community's relationships and structure. Because of long and shared history, villagers in these two communities have built certain patterns of relationships. Kinship is the foremost pattern among people in both rural communities. Family and extended kinship have a tendency towards an endogamous community structure.

Unlike the other two cases, Nongwah is a new community, having been settled for only 23 years. People from different places have come to stay together at the same place for a limited time. As a result, Nongwah has become a fragmented community under a patron client relationship. There is no social bond among villagers in Nongwah. In addition, Nongwah villagers feel as clients of the CP Group. Since the market price of pork is unstable, Nongwah has been tied tightly to a community business with the CP group. With the CP group as a single purchaser, the villagers have felt obligations toward CP. They perceived themselves as "members" of the Nongwah project and not "villagers" of Nongwah community.

5.1.1.2 Community Economy

Like other rural communities, current community economy in the three cases depends on agriculture. Farmers in the Maieang community rely on rubber plantations. Swine raising is the dominant income generating activity in Nongwah as rice cultivation is for Huamrong.

With regards to the nature of the agricultural commodities in the market, the potential of economic growth in the three communities is limited. Comparing between agriculture and industry, the former has fewer comparative advantages. The mechanism of the market economy operating through the law of demand and supply produced some disadvantages to the villagers in the agricultural sector. Agricultural produce is classified as essential goods whose demand is more

inelastic. In times of over supply, prices are normally low resulting in low income for the villagers. On the contrary, in times of shortages due to certain conditions, such as natural disaster, even though the market price is high, the villagers are not able to produce large quantities to benefit from the situation. In addition, agricultural products, such as rice and swine, have fewer opportunities for increasing their prices in the market due to limitations in demand. At the same time, as production input for the industrial sector, such as rubber production, the market certainly binds the agricultural sector to the growth of industrial business. Therefore, the price of primary commodities is tentatively cheaper than that of the value added product from the industrial sector. In addition, in terms of linkages, agricultural business creates fewer backward and forward linkages than those of industry.

In addition, under the spread of the market economy, community economy in three cases has followed the same pattern of economic change, the decline of a subsistence economy to commercial agriculture. The situation underwent major changes with the development of commercial agriculture. Farmers were no longer able to remain self-sufficient in food production, and they began to purchase almost all of their clothing and daily necessities. Meanwhile, the price of agricultural produce is uncertain and tightly tied to a market economy. Consequently, communities have tied themselves to unstable external markets ranging from local, regional, national to world markets.

From these points of view, the emergence of the three cases of community businesses is an adaptive process or defensive system of the local community to survive in the capitalist world. The purpose of collective action of Maireang farmers group in producing sheet rubber is aimed at quality control and having the power and capability of negotiation. Nongwah is a source supplies for a big conglomerate. Huasamrong villagers must seek supplementary sources of income in addition to an uncertain income from rice cultivation. These community businesses' innovations or defensive mechanisms have arisen with the advent of the money economy.

5.1.1.3 Traditional Forms of Cooperation

Many studies found that the traditional cooperation in rural Thailand existed before the encroachment of market economy both in dyadic nature and group cooperation. This cooperation ranged from temporary mutual help in ceremonies, natural resource management to economic activities (for instance, Tomosugi 1980, Shigetomi 1994, Utong 1990, Yot, 1994).

Our study found those co-operations that existed in the past as a basis for doing community business. Relations among people are mostly based on the norm of reciprocity. As mentioned previously, historically, Maireang and Huasamrong community's economy focused on self-sufficiency. Each family became both producer and consumer; almost all goods and services come from within the community. This in turn produced reciprocal patterns of social relationships. The villagers exchanged labor at the time of a house building or rice cultivation for instance. The exchange of labor is based on reciprocity. When a labor force at one party is insufficient, it becomes *kho reang* (asking for labor assistance). The party who asked for assistance becomes indebted to the other party. Hence a reciprocity relationship came into existence.

In the case of Maireang, a group of *share rhang-ngan* or *sau mu* transformed itself to a new form of cooperation in community business. In addition, the traditional networks among nearby communities in the South through *klur mur-klur tai* (North-South comrades) is the basis for cooperation in the Nakornsri Thammaraj rubber network and the network among peasants in various orientations, e.g. *Ya-Ma-Na* (rubber-fruit-rice) network.

In the central plain, *long khack* is a form of labor exchange existing in Huasamrong community's history for two hundred years. Even though, this type of social relation disappeared before the emergence of community business, the villagers do not feel alien to but familiar with cooperating in community business.

On the contrary, the villagers in Nongwah are the new comers whose relations were established without common historical background but only through the attempts of a corporation

5.1.2 Organization Characteristics of CBOs

5.1.2.1 Size

The size of community businesses at Maireang is dependent upon the age of the group and ranges between two sets of figures. The oldest group, the farmer's group consists of 144 members, while 25-35 members are for each of eight activities. The membership of the farmers' group was increased from 33 members in 1983 to 144 members in 1987, but thirteen years later in 2000 during our data collection, the group size has remained constant.

In the case of Huasamrong, the membership of each community business ranges between 7-24. The smallest is the Herbal Medicine Group (7 members); the largest is Chili Paste Group (24 members); the remaining groups have about 12-14 members.

The members of Nongwah are rather constant at 48 comparing to the beginning phase twenty-three years ago when Nongwah started its business with 50 members.

The figure above reveals some limitations in the expansion of the group's size. For the old CBOs in the case of Maireang and Nongwah, its business is purchasing products from members and then processing them before selling to their clients. The increase in members means increasing supplies and expenses. Unless, the group increases its market, it's not possible to increase its size. At the same time, even though there is an increase in demand as in the boom period, Maireang farmers decided not to increase their size due to its management limitations. Instead of expanding the group's size, the group chose to purchase supplies and products from its network. Another limitation specific to Nongwah is land and other factors of production, which were the first condition provided for the farmers in the project. In terms of physical constraints, there is no available land in the project area that can be distributed to new members. In terms of management, the CP and the villagers' company cannot afford or do not want to distribute more land and investments for new members as it would utilize much of their resources, i.e. time, energy, money etc. However, these constraints would be tentatively dissolved when a new comer is a sibling. In this case, there would be opportunities for farmers to support their sibling

for settlement in other places and formulate linkages to the villagers' business. In the case of Huasamrong, the new CBOs started with a small amount of profit, which meant smaller dividends when it came to profit sharing. The increase of members in the CBOs does not imply only an increase of capital for investment, but also an increase in the number of beneficiaries who must be involved in the profit sharing. The villagers need to increase their amount of profit instead in terms of a number of people involved.

5.1.2.2 Age

Comparing the three cases, the Nongwah community business is the oldest. It has continued in business activities for 20 years, since 1977. While the second oldest is Maireang, which started its business in 1983. The youngest is Huasamrong, which has operated since 1997. Years of establishment could imply the business potential, its continuity and sustainability. Also age significantly indicates the stage of organizational development. For the two oldest cases, the CBOs are now apparently in a mature stage of implementation while the youngest is still in the formative. In addition, the longer the business has been operated could imply the more they have learning experience for learning.

5.1.2.3 Organization Form and Structure

There are both formal and informal forms of CBOs in the three cases. The formal are legally registered organizations, which are able to do all business transactions with all other business organizations. However, the informal ones are not. In the case of Maireang, CBOs are both formal and informal. The Rubber Farmers Organization is a formal organization under the regulations of the Minister of Agriculture and Agricultural Cooperatives. Under government regulations, its administrative structure is clearly distinctive. It has a set of executive board members consisting of president, vice president, treasurer and secretary. The board must be elected every year at the annual general meeting. However, when it comes to the eight activities for self-sufficiency, these CBOs are informal organizations but without legal registration. The Board is elected with rules that applied within the groups, but these were arrived at by the consensus of the membership

In the case of Nongwah, the community business is organized as a form of corporation. The company is subject to commercial law, which regulates its operations as it is in the case of Maireang, where government regulations enforce the rotation of an executive board.

Meanwhile, all the CBOs in Huasamrong are informal organizations. Only two, from six CBOs, which are the units under study, have written rules, while for the remainder, guidelines for operations are understood by words of mouth.

Regarding personnel, the Maireang Farmers Organization and the Nongwah Villagers Company have hired professional staff for implementation on a daily basis under the supervision of the executive board. Meanwhile, for other CBOs, work on a daily operation is the responsibility of the executive board.

In terms of administrative structure, CBOs in both Maireang and Nongwah are under the supervision of other organizations consisting of a large set of 30-40 persons. It is the council of leaders in the case of Maireang and the cultural council in the case of Huasamrong. These two councils are similar in structure. Members of both councils are elected as representatives from each village. But in the cultural council of Huasamrong, members also include teachers, monks and local gurus.

5.1.2.4 Initiatives: Bottom up VS Top Down Approach

Consideration of these initiatives of the three cases gets us into the issue of the merits of the top-down versus bottom up approaches to development. Locally, jointly and externally initiated styles are the three characteristics of Maireang, Huasamrong and Nongwah respectively. The common contrast between the top-down and bottom up is overdrawn. For examples, Stohr and Tailor (1981. Quoted in Syrett, 1995: 19-20) argue for greater devolution of power to local communities, in order for those communities to plan development strategies, which address their own needs, utilize their own resources, and minimize the effect of external control relationships. He distinguishes between two contrasting paradigms i.e. the top-down versus the bottom-up as:

[The top down]... equates development with economic growth, emphasizes urban and industrial capital investment, maximum use of internal and external of economies of scale, large scale projects, and modern technology...[The bottom up comprises of]... an integral process of widening opportunities for individuals, social groups and territorially organized communities...and mobilizing the full range of their capabilities and resource for the common benefit in social, economic, and political terms.

Further, Johnston and Clark (1982. Quoted in Syrett, 1995: 19-20) argue that organization from below often result in inefficiency. The organizers after all are more likely to be the elite rather than the poor. Conversely, initiatives from above have produced some of the most successful and participative local organizations in development history. All of these views are stated as probabilities, recognizing that there can be exceptions.

In this study, the author is interested in finding out from the three cases what the pattern is regarding the top-down and bottom-up initiatives. By considering what could be regarded as diverse forms and patterns ranging from local to outside initiative, the three cases have already revealed three types of initiatives: local initiatives, shared initiatives and outside initiatives.

Local residents, acting mostly on their own without previously recognized leaders, initiated the Maireang's community business activities. Prayong and friends from the traditional cooperation group (*share rang-ngan*) have moved through the process of problem analysis and found prescriptions by themselves. Furthermore, the leaders attempted to emphasize planning and participation before coming to implementation. Most activities needed to be discussed and consensus reached among villagers, as seen from the start of the rubber business and the eight activities for self-sufficiency.

On the contrary, the Nongwah community business is apparently from the initiative of business organizations. The efforts of the CP Group in launching and implementing the Nongwah project have been remarkably successful and have been tied to Nongwah's life since the beginning. Then, all decisions were made only under the project management of CP. Later, after the establishment of the villagers'

company, under a new form and structure, Nongwah villagers were able to involve themselves in management through an executive board, which must be elected from membership. But the CP. has dominated most business activities such as recruiting personnel, production, marketing, financing and etc.

Lastly, the case of Huasamrong reflected the initiative shared between local residents and the outsiders. Amnuay is considered an outsider even though he was born and raised in Huasamrong. Because currently he lives in Bangkok and his way of life as a middle manager of a government agency is totally different from those of local villagers, who are farmers and wage earners. CBOs in Huasamrong emerged when Amnuay activated and motivated local residents to establish CBOs with his assistance. Most business activities are done because of his assistance and support for production and marketing training.

However, findings explored from the three episodes reveal that those initiatives are not mutually exclusive. When it comes to implementation, the practitioner must confront the paradox that sometimes top-down is required to sustain bottom up capacities. At the same time, the practice of the top down approach exclusively cannot be sustained without participation from below.

5.1.2.5 Leaders' Role and Status

In the case of Maireang, Prayong Ronnarong has fully committed himself to the group since the group was established in 1979. Due to Thai values on seniority, Prayong at 65 is the senior person who receives respect from the younger generations in the community. He is from a middle-income family and has experienced various kinds of work, including traveling beyond the community boundaries. In addition, his personal connections have facilitated remarkably the operation of community businesses, for example, his connections with his younger brother in the Department of Commerce has bridged Maireang and the rubber exporters. His reputation at the national level has also resulted in bringing much external support to the Maireang community.

In the case of Huasamrong, Amnuay Channgen has showed the villagers his good will and willingness to sacrifice. He is a government official at the management level of NCCO. The Thai villagers have always admired him as an

example of a successful person from the village. According to his background, Amnuay was born in the Chinese family of Huasamrong, who first started the sawmill business. After his graduation, he worked as a teacher in a secondary school at Huasamrong. Connections and obligations from his former students have made them later come for active assistance in working on the cultural council and CBOs.

Likewise, evidence in the case of Nongwah: Bhakdee continually put his efforts in working for the community's well-being and serenity. He graduated from Kasetsart University, a leading university in Thailand, with a degree in agriculture. With his educational background, he successfully created trust from the villagers in his capability in technical know-how. In addition, his working experience with the CP Group, before becoming a community member through marriage, has resulted in the clear vision of the evolutionary progress the Nongwah community.

5.1.2.6 Organizational Goals

All three cases have their goals aimed at the well-being of members. The goal well-being implies economic well-being and social well-being. First, the three cases have similar goals focusing on monetary benefits towards income generating, the sharing of profits and the return of investment, a requirement for continuing business activities. Second, the community business organizations in the three cases have an apparent goal to provide welfare for the members. For example, the Maireang Farmers Group will provide financial assistance for members and members' families when the members are sick or die. In addition, a certain proportion of revenues from community business activities are contributed for community welfare, as seen in other CBOs in Maireang and Huasamrong. Likewise, in the case of the Nongwah Villagers Company, the members receive financial assistance for their siblings' education and for easing expenses when the families' members are sick.

In addition to monetary benefits for providing welfare, the Maireang community has additional goal which aim to promote community self-reliance. The launching of eight activities is a mechanism to build linkages among the community business activities, which would result in the decrease of dependence on the outsiders.

5.1.4 Community Business Management

5.1.4.1 Production

Production is the process by which input such as raw materials, man power, capital, machinery and etc. are transformed into output or products. In other words, production deals with the conversion of raw materials into finished products.

In the three studies, all production resulted in agricultural products, rubber in Maireang, swine and piglets in Nongwah and processed food products, such as hand milled rice, chili paste, banana chips and etc. in Huasamrong. All the products from Maireang and Huasamrong were value added products. But Nongwah produced primary agricultural products. Different from other two cases, Huasamrong also provided a service for visitors in addition to processing food.

In terms of production, Maireang and Nongwah aimed for export. But later Maireang diversified its focus to concern import substitution activities as seen in the eight activities for relating to self-reliance, the case of Huasamrong had unclear objectives.

Production activities required technical and managerial knowledge which could be transferred through a learning process. Rubber farmers in Maireang visited other rubber factories before starting production. Huasamrong villagers went to Chainart to learn how to mill rice manually and also went to Bangkok to learn about banana chips for example. Nongwah villagers enrolled in the training courses in modern farm management before starting their business. Knowledge gained from learning activities was combined with local wisdom as in the case of Maireang, where the villagers knew how to produce sheet rubber or in Huasamrong, where the older knew how to do hand milling; or in the case of Nongwah, where all villagers were peasants who had familiarity with agricultural work and swine raising.

In two of the three case studies, production managers were needed. Prior to 1991, Prayong was the production manager. After 1991, the current manager of the rubber factory has been in charge of production management. He was trained on-the-job- under the supervision of Prayong himself. In the case of Nongwah, the professional manager, recruited from the CP group, is in charge of production management. These two managers in both cases are responsible for production

planning and quality control to ensure the optimum utilization of input in the production process, as well as product quality. In contrast to other two cases, the Huasamrong community business is operated without production management. They produce according to the instructions on the orders delivered by Amnuay.

5.1.3.2 Values of Business Activities

The values of business activities could imply the ability of the community business to generate income for the villagers. When it comes to the issue of the value of doing business in monetary terms, Maireang and Huasamrong have operated their business activities with millions of Baht for liabilities, credits, assets, endowments, revenues and expenses. While the values of the community business activities at community business organizations is estimated at having less than 50,000 Baht a year on average. When revenues received from doing business are compared, the two cases of Maireang and Nongwah are major sources of income for villagers, while community businesses in Huasamrong are only supplementary income earning activities. Differences between major and minor sources of income could be seen in the big gap between revenues from Huasamrong's sales of banana chips at five Baht each for 500 packs a month and revenues from sales of swine at 200 Baht per kilograms for thousands of kilograms in a month.

5.1.3.3 Marketing

No business can survive in the long run unless it is able to market its products. Similar in other business organizations, marketing is a basic function of community business, focusing on selling products. It includes four major ingredients: product, price, promotion and distribution.

Market demand is an important factor for decisions regarding pricing and producing products. The three cases of community business depend on the market situation, but reveal some inflexibility in response to market demand because of price intervention and some "strings attached".

It is apparent in the case of Maireang whose product price and decisions on production volume and type of sheet rubber are based on market need. In 1997, the increase in demand for smoked rubber affected the price and production on that type of rubber. Sometimes, the farmers group had to purchase rubber from its

network in order to fill orders on time. On the contrary, in 1999, the decrease in world demand on rubber resulted in a decrease in price. However, its volume of production did not decrease because the group had to purchase unlimited amounts of latex from members. Therefore, the volume of production depended on the volume of latex produced by members. In addition, the government's intervention into rubber pricing during the decreasing demand made the group sell its product to the government at a certain price. Sometimes when the farmers group needed a stable market, they made a purchasing agreement with an export company and agreed to sell at a certain price and a certain date for delivery in advance.

The situation was similar in the case of Nongwah. Nongwah Villagers Company had to purchase piglets and swine from members, but under a certain volume. Even though the pricing of piglets and swine was determined by market demand, price assurance was applied due to contract agreements between the CP and the villagers' company.

Congruent with the other two cases, the Huasamrong community business produces its products according to market demand. For examples, the volume of hand milled rice, salted egg, and chili paste produced depends on the existing unfilled purchasing orders and the forecasting of demand. However, the difference is that while production depends on demand, the pricing does not reflect that demand but depends on the calculation of investment and the consideration of other similar products in the market place. For examples, the price of 50 Baht per bag of hand milled rice is determined from a market survey.

When it comes to the issue of packaging, since products of Nongwah and Maireang are agricultural packaging is not a concern. But in the case of Huasamrong, community business through the assistance from Amnuay and Kasak places great importance on designing and producing an appropriate and attractive package, for example, the bamboo basket for salted eggs, the plastic bag with the logo for hand milled rice, the plastic box with the logo on recycled paper for the chili paste, herbal products, etc. Product brands and logos on brown recycled paper, produced by Kasak, were selected and delivered by Amnuay and Kasak, except the bamboo basket, for which they provided recommendations and showed the villagers the most appropriate design.

Channels for distribution for Maireang and Nongwah are wholesale with regular buyers. Particularly in the Nongwah case, the CP Group is the only customer purchasing products from the villagers company. The CP purchases swine and piglets from the villagers' company. Therefore, there are no transportation costs for distribution and deliveries. For Maireang, decisions regarding channels of distribution vary from time to time according to many conditions, such as competitive prices offered by buyers, reputations, applied conditions, trust, etc. The farmers group has to deliver its products by truck, which it includes as a transportation cost. In the case of Huasamrong, the community businesses sell their products directly to consumers in the local community and through retail shops in Bangkok and in the province, for which the cost of transportation is small and absorbed through the assistance of leaders.

In terms of promotion, informing and persuading customers about products in the case of Maireang, was made when the group had searched to trade with exporters by mailing out samples of its products. Meanwhile, no promotion strategy was adopted by Nongwah Villagers Company in order to increase its sale volume. In the case of Huasamrong, Amnuay promoted products of the community business by himself. For example, when he was invited to lecture to the public or when he lectured to the visitors in Huasamrong, he exploited those opportunities to advertise community business products.

However, when it came to the issue of marketing management, decision making on marketing issues in all three cases was dependent on few people. In the case of Maireang, prior to 1991, Prayong sought and decided to market by himself. Currently, the situation still remains but there is a new manager to work on marketing. In Nongwah case, there is a professional manager responsible for marketing with supervision from Bhakdee and other board members. In the case of Huasamrong, almost every marketing activity ranging from products, promotion and distribution has been directed through efforts of Amnuay.

5.1.3.4 Resources Mobilizations and Financing Community Business

Finance and resource mobilization is important because it ensures the provision of regular and sufficient amounts of capital. A farmers group in Maireang

has good financial planning because it assessed the needs of the business for capital in advance and it set itself in a position for mobilizing funds. The initial funds mobilized from members were invested for endowment and working capital. A number of shares and par value was up for agreement among members. Later, with the increase of demands for funds, the group requested loans from commercial banks and gained a line of credit from the bank for overdrafts.

It became specific in the case of Maireang when the community business organizations received financial support from government agencies. The farmers group received grants from the Agricultural Office for building a new factory with new machines and equipment. They also gained financial support from Social Investment Funds in launching the eight activities for self-reliance.

In the case of Huasamrong, their community business organizations mobilized initial funds from members by consensus on a par value and volume of shares, but the group has not gained any grants or loans from any agency.

In the near future, the community business organizations in Huasamrong and Maireang plan to utilize loans from saving groups (*klum omsap*) and village banks. These local financial institutes were established in order to mobilize funds for internal needs. To avoid the problem of shortage of funds and high interest rate loans received from commercial banks and money lenders, savings groups and village banks became alternative financial institutes for local villagers. Consequently, they are becoming potential financial sources for community business. The mechanism works when community business organizations are members of the financial group and all members deposit monthly savings in accordance with their financial capability. When these savings reach a certain level, lending to members begin. The interest rate is lower than those of commercial banks, and part of the income generated by lending would be distributed to members. Therefore, through the mechanism of savings group and village banks, funds are circulated within the community.

In the case of Nongwah, the first capital was loans from commercial banks. Loan payments were under the management of the CP group. Later, when the assets' ownership was transferred to the Nongwah's villagers and formed into the Nongwah Villagers Company, the value of the assets was distributed in terms of par

value and volume of shares among community members. The community business organization has still continued its loans from commercial banks with cosigning from the CP.

In all three cases, returns of profits are distributed among members annually. Besides, profits from the operation of community business activities, members of Maireang community business organizations and of the Nongwah community business organization receive regular income from selling their products to community business organizations directly.

5.1.3.5 Transparency and Accountability

Doing business in the three cases required transparency and accountability. Transparency and accountability derive from the influence of rules and regulations on community business organizations. In the case of Nongwah, the community business organization was established as a corporation under commercial law, which required the company to keep books and be audited by professional auditors. Maireang was also a farmers group operating under specific laws for farmers groups which subjected the group to a set of standard operating procedures, such as a form of financial account, an annual general meeting, a report, a board election, etc. In addition, these activities had to be monitored by a government agency. For examples, the regulations also require government officials to participate in the annual general meeting or the financial account must be audited by the Department of Auditing for Cooperatives. According to law and regulations, both forms of community business organizations must operate their business with transparency and accountability.

Another form of community business organization in Maireang (eight business activities of self sufficiency) was under the management of a set of board members with close supervisor and monitoring by the Maireang Council of Leaders. In addition, there was a written rule, which clearly mentioned the need for transparency and accountability through financial accounts, meetings and reports. Also, grants for starting the eight activities provided by the Social Investment Fund (SIF) embodied a monitoring and evaluation process which required transparency and

accountability that was achieved through meetings, progress reports, announcements, visits, etc.

In the case of Huasamrong, even though community business organizations were informal, written rules initiated by those groups clearly indicated the importance of transparency. Other mechanisms resulted from interpersonal relations among members who were neighbors and kin. Knowing each other through social relations, reporting to members through words of mouth also indicated transparency without financial accounts or other kinds of written reports.

5.1.4 Linkages and Networks

Many external agencies were involved with community business activities. Those agencies were grass roots organizations, politicians, government officials, non-government organizations, media, and profit makers. The following analysis will elaborate upon the roles of external agencies involved with community business organizations.

5.1.4.1 Grassroots Network

Only the Maireang community business organizations had apparent linkages with the grassroots network beyond themselves. First, it is an internal network among the eight activities for self sufficiency in the community. Each activity including a rubber farmers' group were linked in terms of input and output for production and mutual assistance through community funds and savings groups. For the grass roots community business organizations beyond community boundaries, Maireang community business organizations associated with the Nakornsrihammaraj rubber network and the *Ya-Ma-Na* network for production and marketing. as Also. networking with other community business organizations in other regions occurred through learning processes such as meetings, seminars, and visits.

In the other two cases, Huasamrong CBOs had internal networks with other grassroots organizations in Huasamrong through the cultural council. However, there were no other linkages with other grassroots organization except the one visit to Chainart, a nearby province. In the case of Nongwah, there was no established network with other grassroots organizations.

In both the cases of Maireang and Husamrong, reciprocal norms of relation, and kinship affected the cooperation as a new form of cooperation within community business organizations.

5.1.4.2 Nongovernment Organizations and Civil Society Resource Organization

In all three cases, nongovernment organizations and civil society resource organizations have played their roles involving community business organizations. Their roles were apparent in the case of Maireang. The Village Foundation has continued its facilitation for Maireang since 1989. The foundation has provided technical assistance particularly in the forms of consultation, training, seminars, meetings and visits. For example, the foundation arranged the trip for Maireang leaders to European countries for learning about farm management and cooperative management. In addition, the foundation also had linkages with donor agencies. Through the foundation's connection, donors provided support for CBOs, as when AusAID supported training courses for the Nakornsrihammaraj Rubber Network. It also induced SIF from World Bank to the community. Rural Lives Development Foundation, the CP corporate foundation initiated social program in the Nongwah community as well as having facilitated supplementary income generating activities for Nongwah villagers. In the case of Huasamrong, nongovernment organizations played a minor role as when Luang Pho Foundation provided financial support for publishing the book "Huasamrong Civil Society" by the Huasamrong cultural council.

5.1.4.3 Media

The media has played an important role in calling community business to the attention of society. It created "public attention" which resulted in further support from external agencies. For example, the *Bangkok Post* came to Huasamrong and published a story on the hand milled rice group. Maireang was visited by many TV and radio programs on the issue of community business and the community economy. During its broadcasting, many agencies showed interest in the work of the Maireang community business organizations and the need to learn from them. In addition, the attention from the Media created opportunities to gain further support

from those agencies. For Nongwah, public relations of the CP, resulted in press releases reporting on the company's social activities from time to time, as in the *Far Eastern Economic Review* and TV programs.

5.1.4.4 Profit Makers

Profit makers have been associated with community business organizations in the three cases as business partners. Middlemen and rubber exporters were customers of Maireang, purchasing Maireang's sheet rubber. The exporter also provided technical assistance for Maireang and the network when the group organized a trip to the Eastern Seaboard for training in the rubber business. The rubber exporter provided accommodations and lectured on the rubber business in the world market. In addition, some technical assistance from profit makers was delivered through Prayong's connections, such as consultants on waste treatment for the noodle factory of the *Ya-Ma-Na* group who came from the Sahapat Group.

The CP group has dealt directly with Nongwah Villagers Company in every phase of community business organization life. The company initiated the community business organization and controlled it for the first ten years. Even though the community business organization transformed itself into the villagers' company and all assets belong to the villager, the CP still has a dominant role involving the Nongwah community business. For example, the CP purchases piglets and swine from the villagers' company at a guaranteed price due to a contract agreement. At the same time, the Nongwah Company purchases animal feed and medical supplies from the CP. In addition, the CP provides technical assistant for the villager on a regular basis and is a cosigner for the villagers' company's loans from commercial banks.

Commercial banks in both cases, Maireang and Nongwah, are financial institute providing loans for community business activities. Community businesses in both cases also utilizes bank services for their business transactions.

On the other hand, for the Huasamrong community business, there is no rigid linkage with profit makers. Almost every activity of community businesses has been done without profit makers. Except some portion of market, the community business organizations in Huasamrong have channeled their products through few

profit makers such as the Lemon Farm Cooperative Shop and some retail shops in the local area.

5.1.4.5 Politicians

Most of the community business organizations in the three studies are not willing to establish or declare their relations and connections with politicians. They always attribute a hidden agenda to politicians, searching for self interest and for political gain.

However, in the case of Maireang, the establishment of 11 community rubber factories including Maireang's was apparently supported by politicians at the local and national level. The Provincial Office finally approved the budget for construction due to a local politician, who is in Nakornsrihammaraj Rubber Network, and other influential national level politicians, whose constituency is in Maireang and nearby local communities, despite that the office had denied the community business in the beginning. In addition, a few members of Maireang CBOs are members of the Tambon Administration Office (TAO).

In the case of Huasamrong, before the election in 2001, Prime Minister Thaksin Chinnawatra, visited Huasamrong two times. During the meeting, he discussed with the villagers and agreed on the concept of the cultural council and community business. After the visits, he sent a large purchase order for gift baskets. These visits might be seen as a part of information gathering for building the party's policy platform on strengthening local communities, which now is a government policy. In addition to politician at the national level and at local level, the members of TAO are the members of the cultural council by virtue of their positions. As a result, financial support from TAO has been delivered for community business activities. In the Nongwah study, there is no apparent connection between politician and Nongwah Villagers Company except few members of Nongwah company is members of TAO.

5.1.4.6 Academic and Research Institutions

Academic institutions were relevant to community business organizations in providing technical support such as training and supplying information for community business operations. For example, villagers from

Huasmrong enrolled in training courses on banana product development at the Chulaporn Institute. The Rachapat institute surveyed the market on gas consumption for Huasmrong before it started investing in gas stations.

In addition, academic institutions played vital roles in disseminating information about community business through research, meetings and seminar for example, as seen from a few pages of the work of the Thai Research Funds on the Maireang Farmers Group. Amnuay from Huasmrong and Prayong from Maireang were invited by the Eighth National Plan Civil Society to speak about their activities at its fora. This resulted in increasing the public's and academic community's awareness of their community businesses.

5.1.4.7 Government Agencies and Policy

Findings from the three cases reveal the importance of the government's role in dealing with community business. Government agencies' roles affect the operation of community business activities in both direct and indirect ways. Through its policy, the Government exercises its authority through taxation, promotion, support, regulations and other policies. (Weidenbuam, 1990: 15).

For example, the rubber policy directly influences the business of the Maireang group. Pricing intervention measures employed by the government directly affect Maireang's product. The new act to control rubber varieties and the scale of the plantations inevitably affects the level of raw latex produced by members of the Maireang group. In the case of Nongwah, the floating market prices policy on swine resulted in the decision making of the Nongwah business in production and marketing. Government regulations on swine control affect the price of Nongwah's product. In the case of Huasmrong, even though, there is no pricing policy to directly influence their business activities, the viability of its organizations still relies on support from the government. The policy of NCCO in promoting and supporting the establishment and activities of the Cultural Council and the local community has resulted in the existence of the Huasmrong community businesses.

Meanwhile, as a result of national policies and operating routine work, government implementing agencies have performed their roles in asserting influence. Findings from the three studies reveal the importance of the government's roles in

dealing with community business. At Maireang, the Agricultural Office has continued its assistance since in the beginning. This assistance was seen when the villagers requested visits to rubber processing factories, or when the office supported grants for building the group's new factory, or when the office provided consulting services for learning centers. Many times, the office's initiatives were lessons for learning. This was exemplified when the previous group for improving rubber quality established by the office failed to continue, or when the office organized a sheet rubber contest. Besides its role in assisting the Maireang community business in both financial and technical support directly and indirectly, the office has its role in reinforcing relevant laws and regulations. For example, the office has full authority to examine and permit a group to register as a farmers' group or to inspect the financial accounts, or to monitor the rubber plantations according to the new rubber plantation law. In addition, other government agencies, such as the Office of the National Education Commission (ONEC) and the Provincial Administration Office (PAO) have provided financial support for the group. ONEC rewarded Prayong as a Thai local guru with a lump sum grant, which Prayong spent for training costs for Maireang council members. At the same time, through the activity of ONEC, the office built networks among Thai local gurus around the country. As already mentioned in the previous section, PAO supported the group's network in building rubber factories in 11 communities through connections with local and national politicians.

At Huasamrong, even though government agencies did not have dominant roles in community business organizations, they still were involved with the organizations to some degree. For instance, in previous experiences the groups learned from the Department of Community Development (CD), which has resulted in the operation of the groups today, or at least, due to its work, the CD invited community business organizations to sell their products at the fairs, a channel for product distribution.

However, in a case of Nongwah, government agencies seem to have played a lesser roles in promoting its business activities, except in the beginning when the CP sought cooperation from the government in launching the project. Later, the government agencies did not directly assist Nongwah with intense financial and

technical support. But the group did receive service from government agencies areas, such as obtaining consultation from the Office of National Commission on Energy Policy on production of biogas. Most importantly, government agencies have full authority to assert their regulatory powers over the company through the commercial and other relevant laws.

5.1.5 Cultural Features

In referring to a wider principle regarding CBO and its manipulation, the evidence in three studies reveal that the specific characteristics of community business can be explained by its cultural features.

Like in other local organizations, Thai culture as a way of life is a dominant factor influencing the operation of community business in Thailand. Many Thai studies found the presence of specific Thai cultural characteristics and values. For instance, seven values of Thai peasant culture were prevalent: utility, profit, fun, individuality, communal responsibility, Karma and playing-it-safe were found by the Cornell scholars and confirmed by Kingshill (1960) in his study of Kudang village in northern Thailand. Philips (1965) emphasizes the importance of "personalism" in terms of kinship and patron-client relations. Also, as mentioned by Samukkan (1982), major Thai values are a love of fun, personalism and merit orientation. In addition, social cosmetics, *Krieng jai* or the feeling of not wanting to displease somebody, obligations to a superior (*bun khun*) are among the various themes found in Thai values and personality. (For examples see Komin, 1982, Klusners 1981, Mulder, 1994)

Under the assumption that values determine one's behavior, the study explored some dominant cultural features that emerged from the three cases, which were based on the themes of culture and values found by the proponents mentioned above. They were as follows:

5.1.5.1 Perception of Utility and Profits

Utility and profits were the foremost values found in the community business organizations at Maireang, Nongwah and Huasamrong. Utility means villagers' perception of utility at the moment. People collectively gathered for business activities because these activities were able to deliver tangible benefits for

them. It is similar to explaining why the peasants changed from a self sufficient economy to commercial agriculture. It is because these activities through the utilization of pesticides, modern machines and fertilizer have resulted in increasing productivity and income at the moment.

Farmers in Maireang found some benefits as members of the farmers group. First, the group was a certain source in the purchase of fresh latex on daily basis by the rubber factories. Second, farmers earned cash from selling latex every 15 days. Third, farmers gained more time and greater convenience when leaving work on the production and marketing of sheet rubber for the group. Benefits derived from the eight activities whose goal was the achievement of self sufficiency were perceived as the gaining of knowledge from the training courses, having free materials such as mushroom cultures, breeding fish and chicken, having the right to use such equipment as the rice mill and egg incubators.

Similar to those benefits perceived by villagers in Maireang, members of Nongwah community business were the source for the purchase of swine and piglets at guaranteed price, and also being the source for of the provision of animal feed and medicine. (The price for these latter goods was negotiable.) Likewise, villagers in Husamrong found their opportunities for income earning from community business activities by selling such items as hand milled rice, salted eggs, chili paste, banana chips, herbal medicines, etc.

At the same time, profits resulting from doing business motivated villager to continue their membership and cooperation in community business. Evidence from the three studies shows that all community business organizations gained profits from their business activities and were able to share this profit among members. Therefore, villagers felt showing profits as a result of their hard efforts would consequently motivate other villagers to establish other community business. For example, when the Hand Milled Rice Group of Huasamrong came to Bangkok for the Amazing Thailand Fair in 1998, the group was able to sell its products in large volume and made a great deal of profit, which, in turn, motivated others in their village to start new community business activities.

5.1.5.2 Personalism

Personalism is an important cultural theme that emerged in the case studies. In the Thai context, personalism played a crucial role in the articulation of relations within community business organizations and between the organizations and other agencies.

Kinship is a dominant form of personalism that influenced the emergence and continuity of community business. Through kinship, the creation of trust and mutual aid was transferred to the operation and enabled the cooperation of community business activities. It was the focus of crucial values and relationship in supporting mutual assistance. As seen in the case of Huasamrong, for example, the abbot of Wat Maka who had assisted and was involved in the activities of the hand milled rice group is a relative of Amnuay. Saichon, the group leader was also the sister of Amnuay. The sister of Kasak, Sarapee also played an important role in the banana group.

Personalism also penetrated almost every element in Thai rural society. It existed even in a traditional form of group cooperation as in the case of Maireang and Huasamrong. In both cases, agricultural production in the past had relied on mutual assistance between those farmers who could address each other using kinship terms. These people were well known to each other as kin, neighbors or acquaintances.

Heritage from traditional forms of group cooperation was seen as a basis for mutual assistance among villagers in community business activities. Members of *share rang-ngan* in Maireang and the group of *long khack* in Huasamrong were tied to relationships of kin, neighbor or acquaintance. These groups, as a basis for the establishment of community business organizations, have continued their relations among the core group and with members of kin and other community ties. For examples, members in the salted egg group of Huasamrong were all kin. While in hand milled rice and chili paste were people from the same neighborhood who experienced *long khack* and other mutual assistance, Or in the case of Maireang, twelve founders of the Maireng farmers group were friends and neighbors who bonded with each other because of the norm of reciprocity and cooperation.

However, the situation was different in a case of Nongwah. There was no personal kinship relation or other community ties among villagers.. The business was created under vigorous CP guidance and Nongwah villagers company was built as a modern organization -- a collection of individuals having a common goal with a business purpose.

The elements of personalism in Thai society was expressed in terms of kinship, patron-client as well as friendship and other connections (Brummelhuis and Kemp, eds., 1984: 13-17). For example, the acknowledging and valuing of *krengjai* or the feeling of not wanting to displease somebody has been partly entailed in the formation of community business. As seen in a case of Huasamrong, Chareaon, a former student of Amnuay and a leader of Chili Paste Group and Kru Saad, a former teacher of Amnuay and a leader of Herbal Medicine formed community business organizations because of a feeling of *krengjai* towards Amnuay at the beginning.

In addition, linkages between community business organizations and other agencies many times are through personal, particularly linkages through leaders. For example, in the case of Maireang, due to Prayong's connection, the group obtained a list of exporters. Because of Amnuay's relation with Dr.Prawase, Huasamrong captured public attention. When Bhakdee of Nongwah informed the President of the CP about the shortage of telephone lines in the community, the president called his friends in the telephone company to assist the community.

5.1.5.3 Buddhism

Buddhism played important role in community business activities through monks and temples. The involvement of temples and the abbots in community business activities was a dominant feature of community business in Huasamrong.

Historically, as seen from evidence in ancient temples found in the community, temples existed in the Huasamrong community for centuries. Like in other Thai communities, temples acted as the focus of communal life and activities. A village temple in the past prided itself as the center of learning where boys and young men were educated. Temples were the life, heart and soul of the community where joint decisions regarding it were made (Juree, 1999: 2).

Inherited from history, temples in Huasamrong continued to create a feeling of communal solidarity. The sense of “our temples” was more clearly reflected in terms of *khon tham bun wat deaw kan* or those making merit at the same temples. On Buddhist days, a number of villagers would gather at the congregation hall of temple. Villagers believed that they could gain merit for happiness in the next life and for good life in this world through Buddhist rituals and donations.

Solidarity in CBOs was partly based on the feeling of “our temples”. Members of the hand milled rice group were villagers in the same neighborhood who went to Wat Maka. While members of Chili Paste Group were those who went to Wat Kongkaram.

In addition, in Buddhism, monks are considered superior to layman. As the center of respect, monks became traditional community leaders who played an important roles in community activities. For community business in Huasamrong, the abbots of every temple in Huasamrong were involved as members of the Huasamrong Cultural Council. Consequently, with their charisma, the abbots have built trust among villagers in the cultural council and its activities, including community business. The abbot was also involved in CBOs as a consultative board member, who sometimes lent money to the group as seen in a case of hand milled rice group.

Alongside temples and monks, Buddhist belief manifested through rituals was indirectly relevant to community business activities in Huasamrong as well. As seen in the Huasamrong episode, the ancient temple reconstruction program and candle ritual on Buddhist Lent Day launched by the cultural council created a strong feeling of community attachment and historical consciousness among villagers. These activities brought about communal solidarity including that of CBOs, which was regarded as a part of the community.

5.1.5.4 Local Traits

Specific local culture influenced the formation and manifestation of community business. It was only in the case of Maireang, where traits of the southerner indicated a strong sense of being in the same clique or being in the same community boundary or *khon ban deaw kan*, that dominated Maireang villagers’ personality. The group solidarity, the willingness to work for the public, friendship

among members of the clique, therefore are some examples that resulted from this trait. In addition, the engaging in discussions is another trait of the southern Thai. For Maireang villagers, discussion permeated their way of life. They always held discussion on a variety of issues, such as their living, economy, politics and etc. in a variety of places such as the home, market, coffee shop, rubber garden, etc. This series of discussions is naturally a process of problem solving and necessary analysis which resulted in the efforts of searching for alternatives.

5.1.5.5 Fun loving

A feeling of joy or *Sanuk* is another Thai values that influenced collective activities in community business. People enjoyed getting together for celebrating ceremony as seen from the case of Huasamrong. Villagers felt joyful when visitors came to the community or when they went to Bangkok to participate in the fairs. In other cases, the feeling of joy due to participation in community business activities was not dominant, but ceremonies held by community business organizations for celebration such as New Year's or other special events induced villagers to participate and enjoy. Through the ceremonies and joyful feeling that made social interaction among villagers run smoothly and pleasantly, resulted in the eagerness of the villagers to participate and continue community business activities.

From discussions on dominant features that emerged from the three case studies, the summary of the key parameters and variables is illustrated in the following table (see table 5-1).

Table 5-1 Parameters and Variables in Three Models of Community Business

Issues	Maireang	Huasamrong	Nongwah
Location	Nakornsriatham-maraj, Southern Thailand	Lopburi, Central Thailand	Chacheangsoa, Central Thailand
Community history	Old (>150 yrs)	Old (>200 yrs)	New (25 yrs)
Community structure	Kinship, Patron-client	Kinship, Patron-client	Patron-client, Fragmentation
Community economy	Rubber Plantations	Farmers, Factory	Swine raising
Traditional form of cooperation	Share rang-ngan, Klur-nuer-klur-tai	Long khack	No
Size	143, 25-35	5-15	50
Age	Since 1980	Since 1997	Since 1977
Form	Farmers Groups, Informal groups	Informal groups	Corporation
Legal status	Yes	No	Yes
Initiatives	Local resident	Semilocal resident	Business corporation
Organization structure	Board, members and staff	Board	Board, members and staff
Products	Rubbers sheet, Agricultural processing products	Variety of products	Swine
Values of business activities	High	Low	High
Leader	Local- Prayong	Semi-local- Amnuay	Semi-local- Bhakdee
Resources Mobilization	Internal-members External-loans, grants	Internal -members	External -loans, grants
Management	Para-professional	Non-professional	Professional
Profits and returns	Income from purchasing from members' products	Profit sharing	Income from purchasing from members' products
Networks and partnerships	GOs, POS, NGOs, BOs	GOs, POS, NGOs, BOs	GOs, NGOs, BOs
Government policy	Rubber Act, Rubber policy	NCCO policy	Swine policy, Land reform policy
Cultural Features	Profits and utility Local traits Personalism	Profits and utility Personalism Fun loving Buddhism	Profits and utility Personalism

5.2 Synthesis of the Three Models

In order to achieve a comprehensive understanding of community business, the following synthesis of the three models from three cases is offered.

To build a model, the first step is to capture the pattern of interactions and linkages among these elements. An analysis on dominant themes emerged from community businesses in the three case studies, which reveals key factors and conditions indicating the formation and manifestation of community business in each case.

To facilitate the synthesis, the study identifies three stages of community business development: (1) the formative stage, (2) the implementation stage and (3) the extension stage. The identification of key factors and conditions as well as patterning their interrelation and interaction was made through these three stages of community business organizations development.

Meanwhile, four types of linkages between community business organizations and external environment have been identified as: (1) the enabling linkages with organizations and social groups, which control the allocation of authority and the resources needed by community business to function; (2) the functional linkages with organizations performing functions and services, which are complementary in terms of that production which supplies the inputs and utilizes the outputs of community business organizations, (3) the normative linkages with organizations with corporate norms and values which are relevant to the operation of community business and (4) the diffused linkage with other elements in the society (Esman, 1967. Quoted in Blasé, 1973: 5-8).

Through synthesis, the forthcoming is a model constructed from each case. This synthesis would then provide a valuable lesson for us to learn from the experiences of the three case studies.

5.2.1 Maireang Model

5.2.1.1 Pattern of Interaction

To capture the overall pattern of interaction among key elements in Maireang model, interrelation and interactions among these factors is illustrated in figure 5-1.

As seen from figure 5-1, at the formative stage after the storm disaster, influences from modern agricultural policy through the implementation of the Office of Rubber Plantation and the Agricultural Office turned the Maireang community economy towards the rubber plantation. When the price of rubber fell, government intervention through the establishment of a farmers' group for improving of sheet rubber was unsuccessful, but it provided lessons for Prayong and the other founders who were in the same *share-rang-ngan* group. Discussion of community problems and needs among friends in the same group were facilitated by the local culture of the South. As a result, based on previous experiences, the idea of having a villagers' rubber factory was an alternative. Prayong put his efforts into coordinating with government agencies for site visits before agreements and plans to build a rubber factory were discussed in detail. Resource mobilization were made through friendship and kinship networks.

At its implementation and extension stage, when the group started its operation of the rubber factory, most management responsibilities were laid on Prayong. He donated his time, energy and even financial resources for the group's activities. Through his vision and the connection with his brother, the group gained a list of exporters and started trading with them. Market economy and the price intervention program launched by the government influenced rubber prices which in turn determined the group's decisions on trading. The group successfully received loans from the Siam Commercial Bank and reformed its financial system through bank and credit. Those business activities were partly from consultation and technical support from the Village Foundation. Later, the foundation arranged the study trip to Europe for Prayong. After the trip to Europe, Prayong came back with the idea to diversify agricultural products and to expand Maireang's networks. Then, Nakornsrihammaraj Rubber Network and *Ya-Ma-Na* network were established

through the foundation and Agricultural Office's facilitation. Financial support for building new Maireang rubber factory was from the Agricultural Office and that the other 11 communities in the rubber network was from the Provincial Office through Prayong and other community leaders' efforts with some additional facilitation from politicians. At the same time, Maireang's reputation was not only diffused to the public through discussions among development practitioners and academics in meetings and seminar but also through media.

5.2.1.2 Linkages and Transactions

For Maireang's community business' linkages with external agencies, the study found that:

First, there was no enabling linkage existing in the case of Maireang because the community business organization originated locally without external effort. Therefore, the existence of the Maireang community business was not a result of the necessary conditions created by outside agencies. Second, the functional linkages were in accordance with external agencies relating to community business activities. Those agencies were the Siam Commercial Bank through its banking and financing function, local middlemen and rubber exporters through trade, Village foundation, Ausaid, SIF, Provincial Administration Office and the Agricultural Office through financial and technical support. These linkages were also influential over the Maireang grassroots network. Third, the normative linkages, or rules and regulations in force in the Maireang community business came directly from the Farmers' Group Act and government policy, which came through the implementation of the Agricultural Office and from SIF through its monitoring process. At the same time, cultural factors like kinship and community norms had partly built normative linkage between Maireang and those of the networks. Fourth, diffused linkages were created through media, charismatic persons like Dr.Prawase Wasi, and academic fora like the Eighth Plan Forum, Thailand Research Fund seminar on community. (See figure 5-2 for illustrations)

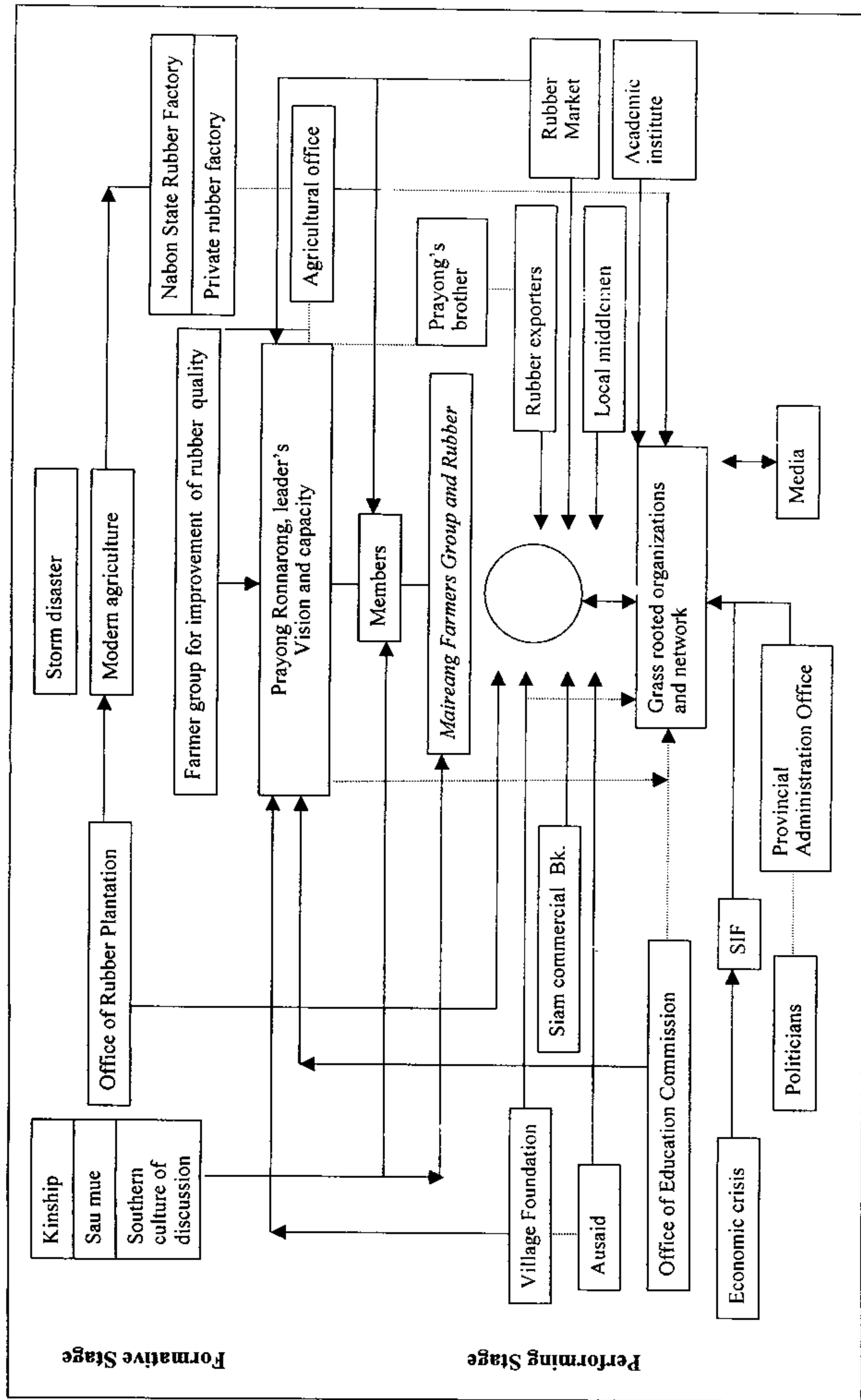


Figure 5-1 Pattern of Interaction among Partners in Maireang Model

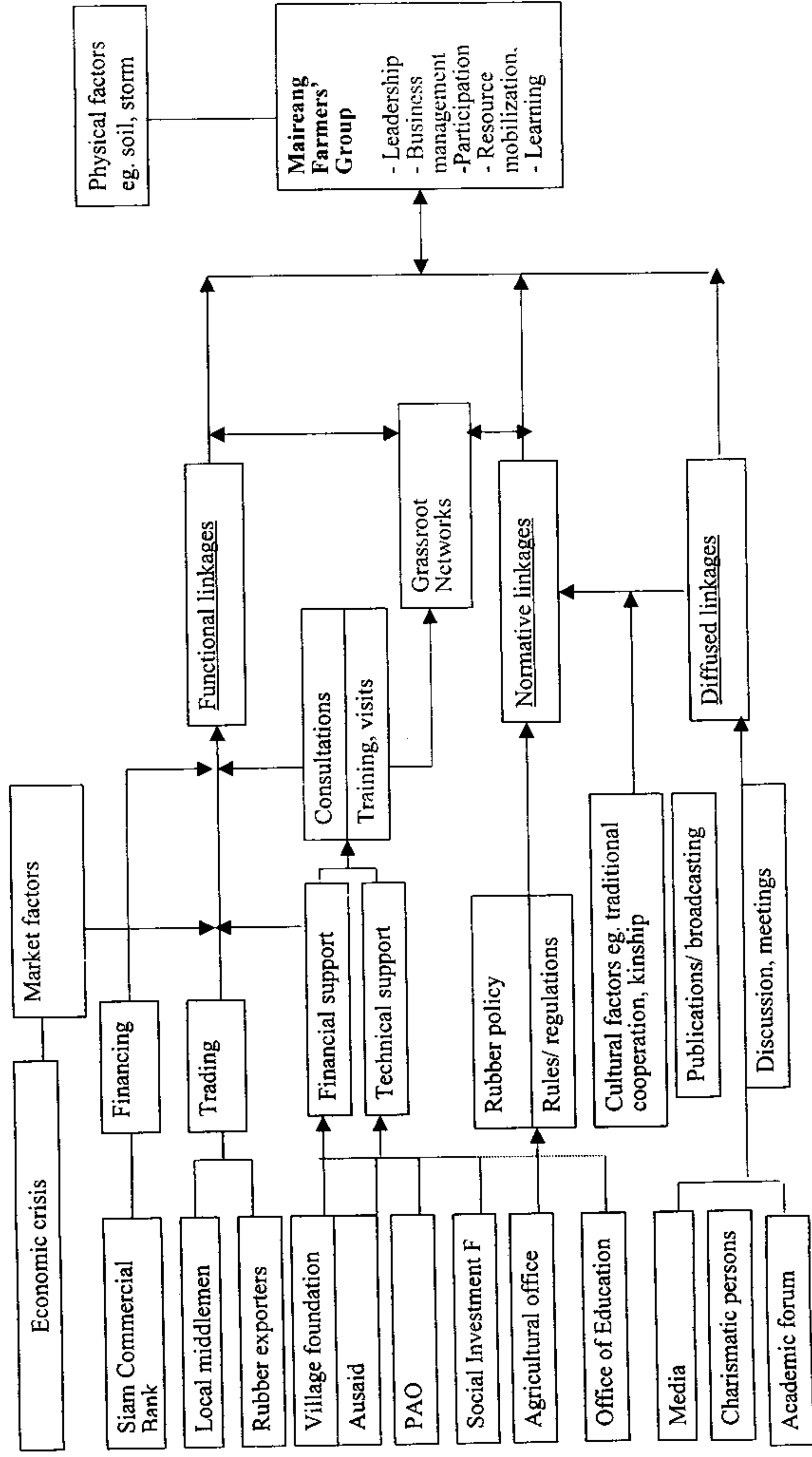


Figure 5-2 Maireang's Transaction and Linkages with External Institutions

5.2.1.3 Identifying Key Factors and Conditions

From previous analyses and episodes of Maireang described earlier, the author identifies the following factors and conditions of the Maireang model as shown in table 5-2 below.

Table 5-2 Keys Factors and Conditions of Maireang Model (1983-2000)

Formative stage	Implementation stage	Extension stage
Leadership	Leadership	Leadership
Government policy	Government policy	Government policy
Local cultural features	Local cultural features	Local cultural features
Participation	Participation	Participation
Learning process	Learning process	Learning process
Facilitators – Gos	Facilitators –NGOs, Gos	Facilitators NGOs, Gos
Business partners	Business management and partners	Business management and partners
	Networks	Networks

In the Maireang model, the study found that at its formative stage, leadership was a dominant factor heavily influencing the group's formation. With his vision and intelligence, Prayong proposed an alternative for rubber farmers and successfully mobilized 11 villagers to establish a rubber factory. By so doing, he had an active role in coordinating with government agencies and organizing villagers' meetings and stimulating discussions among villagers on relevant issues. His donation of time, energy and land for the settlement of the rubber factory revealed his sincere intention and induced trust in his good will among villagers. Also, his democratic style of leadership which allowed villagers to express their opinion and to participate in the group activities encouraged villagers' participation.

Efforts of Prayong and his leadership style have continued through the second and third stage. He was the group's president since the beginning and was a manager of rubber factory until 1991. Since then, Prayong has focused his work on the extension of networks and activities as seen in the establishment of the Maireang

council of leaders, eight activities for self reliance, and the Nakornsrihanmaraj Rubber Network and *Ya-Ma-Na* network.

All activities in all stages from the formative stage to the extension stage have been conducted with full participation from villagers. These participations were in many forms, ranging from problem and need analysis, planning, decision making, investment and implementation.

Needless to say, these forms of participation have resulted from local culture itself. Involving the cultural value of group discussions, traditional group labor exchange, traditional mutual assistance among communities and kinship, the group has formed and successfully mobilized resources and efforts from members as well as built networks among grassroots people.

Through participation, the villagers created a self-learning process. Furthermore, the learning process has been built continuously along the three stages through training, seminars, meetings and visits organized for Maireang villagers. Catalysts for development such as the Agricultural Office, the Village Foundation, Social Investment Funds, etc., facilitated the learning process of the Maireang villagers through their technical and financial support.

Business management know-how is the most important factor in doing community business. This factor has played a dominant role in the Maireang model since its implementation after the building of the factory. To assure returns in investment, Maireang farmers must be knowledgeable and manage production well, and know about marketing and finance. Important decisions on volume and types of product, market demands, channels of distribution, personnel recruitment, financial sources and management have been made by the farmers group under Prayong's supervision.

As business and development partners, networks of Maireang facilitated community business activities. During the time of high demand, other farmers groups supplied materials or even product for the Maireang group. In addition, through networks, the farmers gained knowledge and information from the exchanging process.

Lastly but most importantly is the government policy. Due to government policy, state agencies have direct roles and responsibilities in dealing

with community business organizations. For example, before its formative stage, under anticommunist policy, community business activities were prevented and considered harmful to the state. When it came to the formative stage, Maireang farmers learned from their previous experiences of state-led-development programs, such as the sheet rubber contest and festival, the farmers group for improving the quality of sheet rubber, or when the Agricultural Office coordinated farmers' trips to Nabon and the private rubber factory before Maireang factory was built. At the implementation stage, policy on community rubber factory has resulted in government financial support for the building of the 11 factories of the Nakornsrihammaraj rubber network. At the extension stage, national policy on self sufficiency and strengthening of community during economic crisis resulted in the building of a learning center which was financially supported by Agricultural Office and the building of a new financial resource for community business such as SIF.

5.2.2 Huasamrong Model

5.2.2.1 Pattern of Interaction

In the case of Huasamrong, firstly the cultural council was established through the initiatives of Amnuay and local leaders. The process started with discussions between Amnuay and local leaders about the urgent need to study local history for building community identity and historical consciousness. The council then was established with council members consisting of abbots from every temple, the seniors who were local gurus, teachers from every school, heads of villages from every village.

A variety of community business organizations were established at different times with different products depending on the villagers' willingness and eagerness. These community business organizations were the hand milled rice group, the salted egg group, the chili paste group, the banana chip group and the herbal medicine group, and also including the existing community businesses, such as the funeral flower and blanket group.

Before beginning business activities, training on production were provided through Amnuay's facilitation and consultation. The hand milled rice visited other hand milled rice groups in a nearby province. The banana chip group

went for training at the Chulaporn Institute. Meanwhile, the Chili Paste and Herbal Medicine Group provided their own wisdom for production.

At its implementation, after the formation of community business organizations, capital was mobilized from members. Their volume of production depended on those purchasing orders delivered mainly from Amnuay. Markets were in Bangkok and for local consumption. Another market for community business product was from outsiders visits. In addition, during the visits the cultural council earned income from selling food and drinks. The visits also facilitated learning and an exchange on knowledge and experiences between community members and the outsiders.

The reputation of the group was promoted through media, which in turn resulted in increasing the number of visitors.

Interrelations and interactions among these factors is illustrated in figure 5-3.

5.2.2.2 Linkages and Transactions

For Huasamrong's community business' linkages with external agencies, the study found that:

First, the enabling linkages were created between Huasamrong community business organizations and the establishment of the cultural council. The establishment of community business were the consequences from the cultural council's activities. Second, the functional linkages between the community business organizations and various agencies were created through visits, trading and technical support. Third, the normative linkage was formed by traditional norms of reciprocity and traditional relations in labor exchange and kinship. Fourth, diffused linkages between community business organizations and the public were facilitated through publications, discussions, meetings and visits, and mediated by the media, charismatic persons like Dr.Prawase Wasi and academic fora (See figure 5-4).

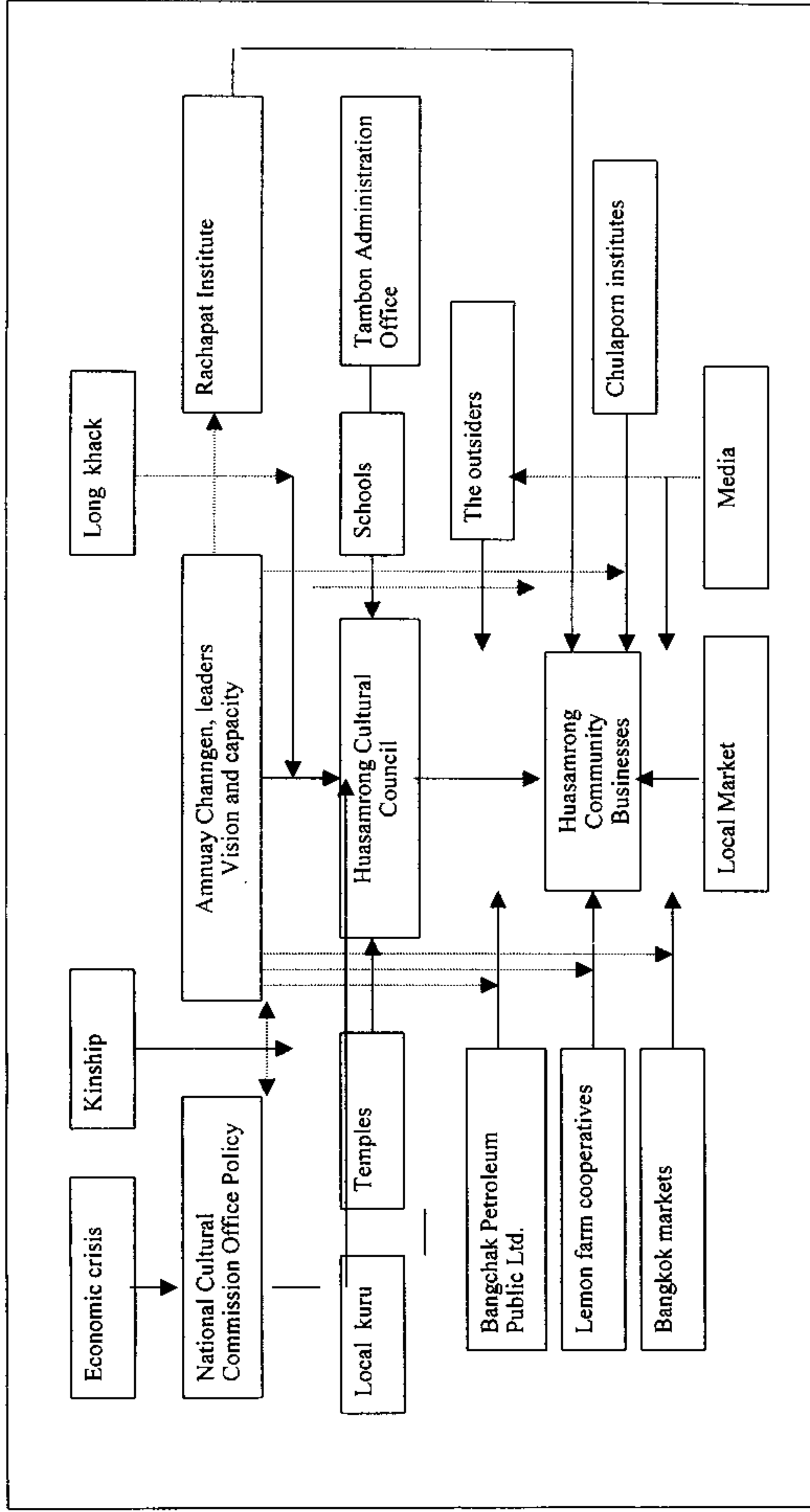


Figure 5-3 Pattern of Interaction among Partners in Huasamrong Model

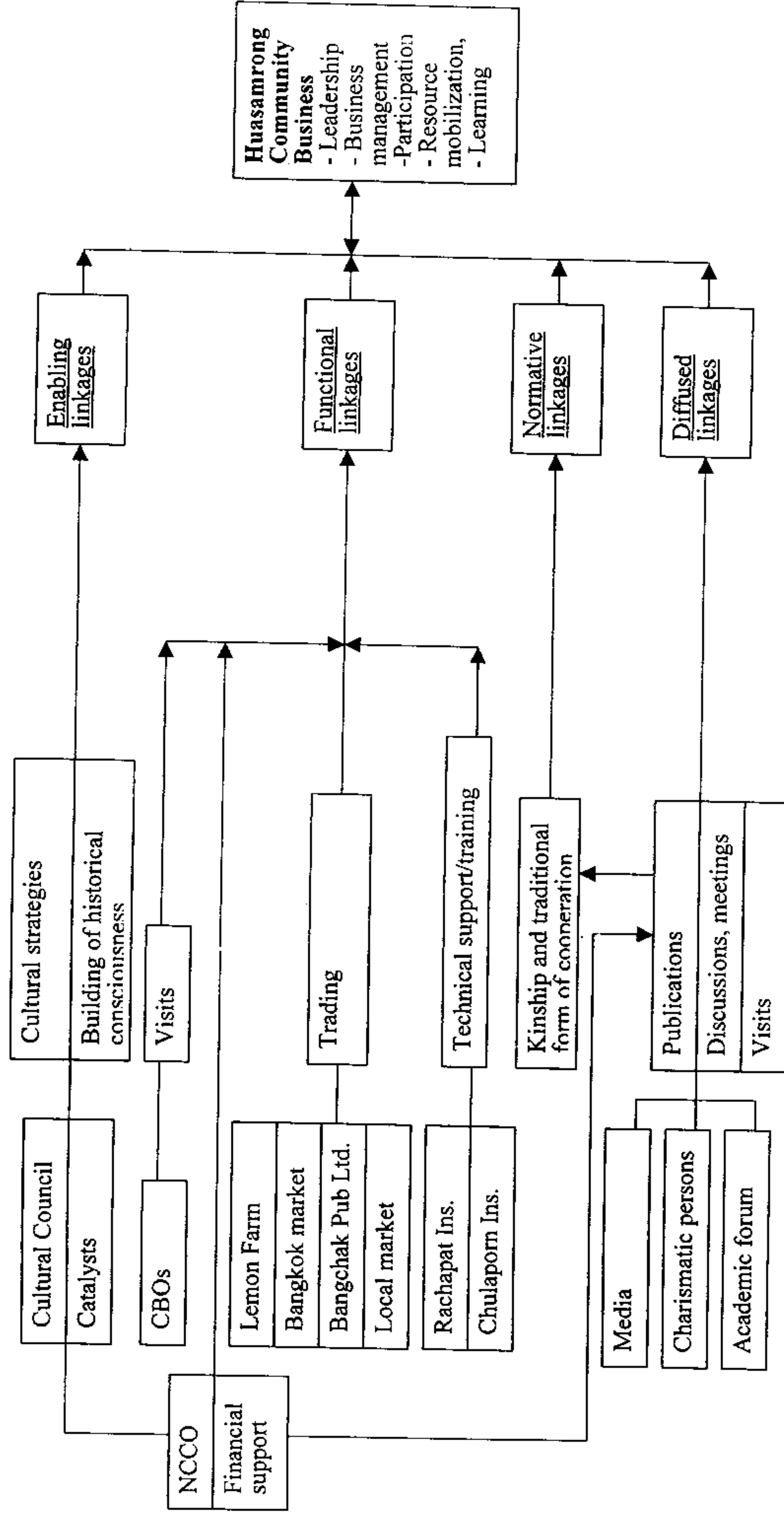


Figure 5-4 Huasamrong's Transaction and Linkages with External Institutions

5.2.2.3 Identifying Key Factors and Conditions

In the Huasamrong model, the following factors and conditions are identified as: (see table 5-3)

Table 5-3 Keys Factors and Conditions of Huasamrong Model (1997-2000)

Formative stage	Implementation stage	Extension stage
Government policy	Government policy	-
Change agents – Amnuay	Change agents – Amnuay	-
Local leaders	Local leaders	-
Local cultural features	Local cultural features	-
Learning process	Learning process	-

In the case of Huasamrong, the youngest CBOs, those less than three years old, are currently in the implementation stage. At the formative stage, Amnuay played a dominant role as a change agent, i.e. from the formative stage to the implementation stage. He started his efforts for establishing the cultural council and community business activities by organizing discussions among Huasamrong villagers from various backgrounds, teachers, monks, heads of villages and heads of sub-districts, local gurus, senior and other community leaders. As in Maireang's case, Amnuay invested his energy, time and resources for the Huasamrong community since its beginning. Most of villagers have respect and trust for Amnuay because of his family background in Huasamrong, his position as a government official at the management level, his work as a former teacher in Huasamrong and his former efforts in community development. Through his network, vision and capability, Huasamrong CBOs were moved into the public's eye, as seen when the Hand Milled Rice Group was invited to national fairs in Bangkok, for example.

Altogether with Amnuay's roles, the persistence Huasamrong community business was facilitated by the government's policy on building a strong community and civil society. As a part of NCCO policy, the Huasamrong cultural Council is the first Tambon cultural council in Thailand. Many agencies involved in

the activities of CBOs have been influenced by those policies, such as participating or attending fairs.

Rooted in local cultural factors, such as *long khack*, kinship and belief in Buddhism, the Huasamrong villagers have worked together in the cultural council and in community business activities since the formative stage. Members of community businesses have community ties in forms of propinquity, i.e. living in the same neighborhood or worshipping at the same temples and finally through kinship. The involvement of abbots in community business activities has built trust in community business activities and at the same time created linkages to temple resources, such as facilities and loans from the abbot. Norms of reciprocity that existed in the *long khack* group and in daily life has affected the sense of cohesiveness and community attachment. Meanwhile, Buddhist rituals and ancient temple reconstruction programs employed by the cultural council have resulted in community solidarity and historical consciousness, which affects CBOs indirectly. In addition, business activities many times come about through kinship, such as in marketing and financial management.

Learning by doing is the philosophy embedded by Amnuay for the Huasamrong CBOs. Even though, most community business activities are in the folk ways rather than in professional practices, the villagers enrolled in the learning process through training, visits and doing business by themselves.

5.2.3 Nongwah Model

5.2.3.1 Patterns of Interaction

In the case of Nongwah, at the formative stage, the initiative was from the CP directly. With the intentions and involvement of the CP's top management, the Nongwah project was continually supported by the CP with coordination and cooperation from commercial banks, experts and government agencies.

At its implementation stage, the CP continued its support for Nongwah by being involved with the CBO as a business partner and providing technical support and business connections. The CP also played its roles as a development partner through the CP's corporate foundation. These activities are mainly mediated by Bhakdee, the leader of the Nongwah community.

At the extension stage, the Nongwah villagers company has as its next step forward, the third phase of development. Support for supplementary income activities comes directly from the CP. In addition, the CBO has cooperated with the government agency and more loans from commercial banks with the cooperation from the CP are needed for further investment.

Interrelation and interaction among these factors is illustrated in figure 5-5.

5.2.3.2 Linkages and Transactions

For the Nongwah's community business' linkages with external agencies, the study found that:

First, the enabling linkage was directly built from the CP group as the initiatives of the the Nongwah project. Second, the functional linkage between the group and the CP was built through trading, financial and technical support, and between the group and the banks through financing and banking. Third, the normative linkage was fully according to commercial law and the written rules of the village company. Fourth, the villagers company was made to be known by media and the CP function of public relations (see figure.5-6).

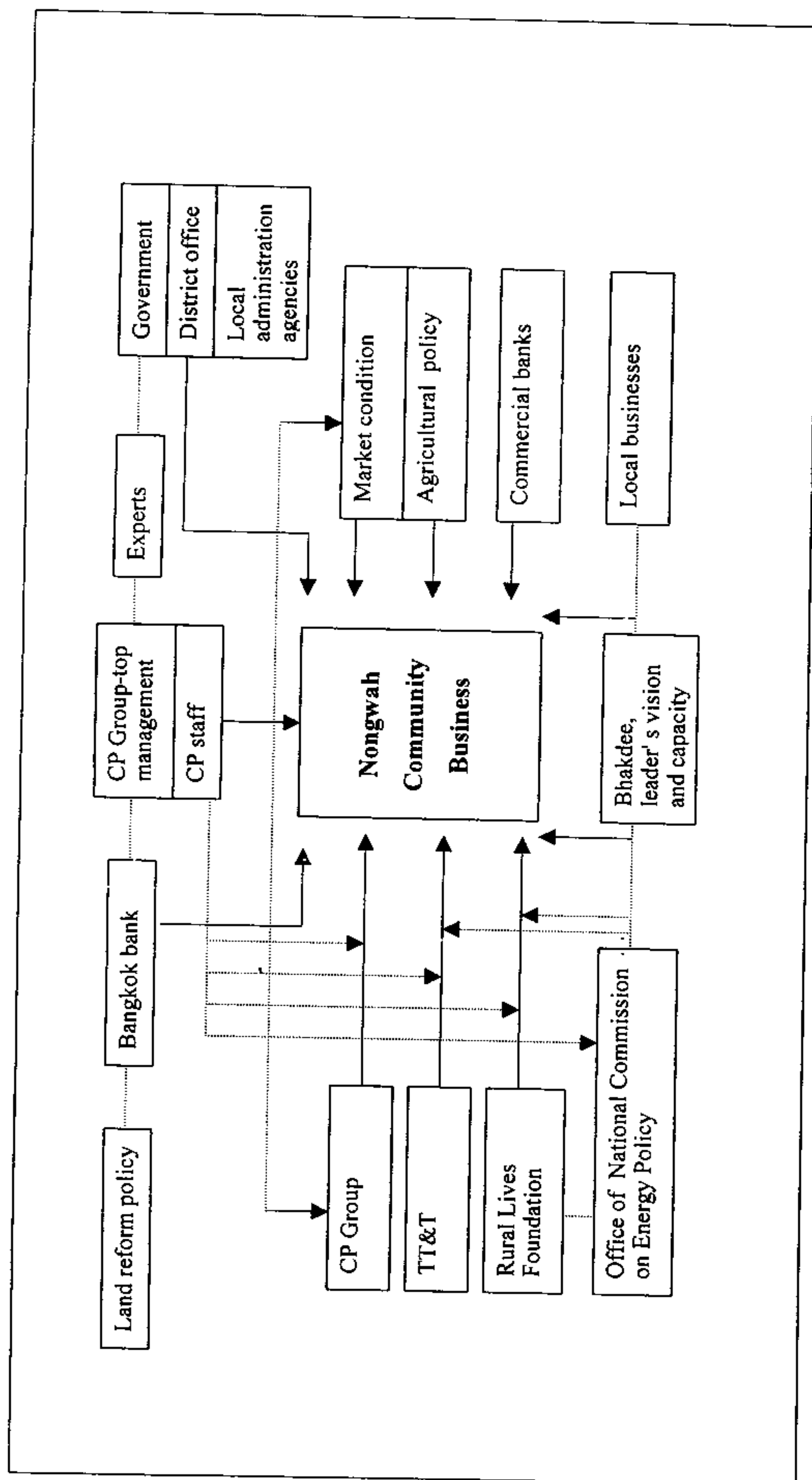


Figure 5-5 Pattern of Interaction among Partners in Nongwah Model

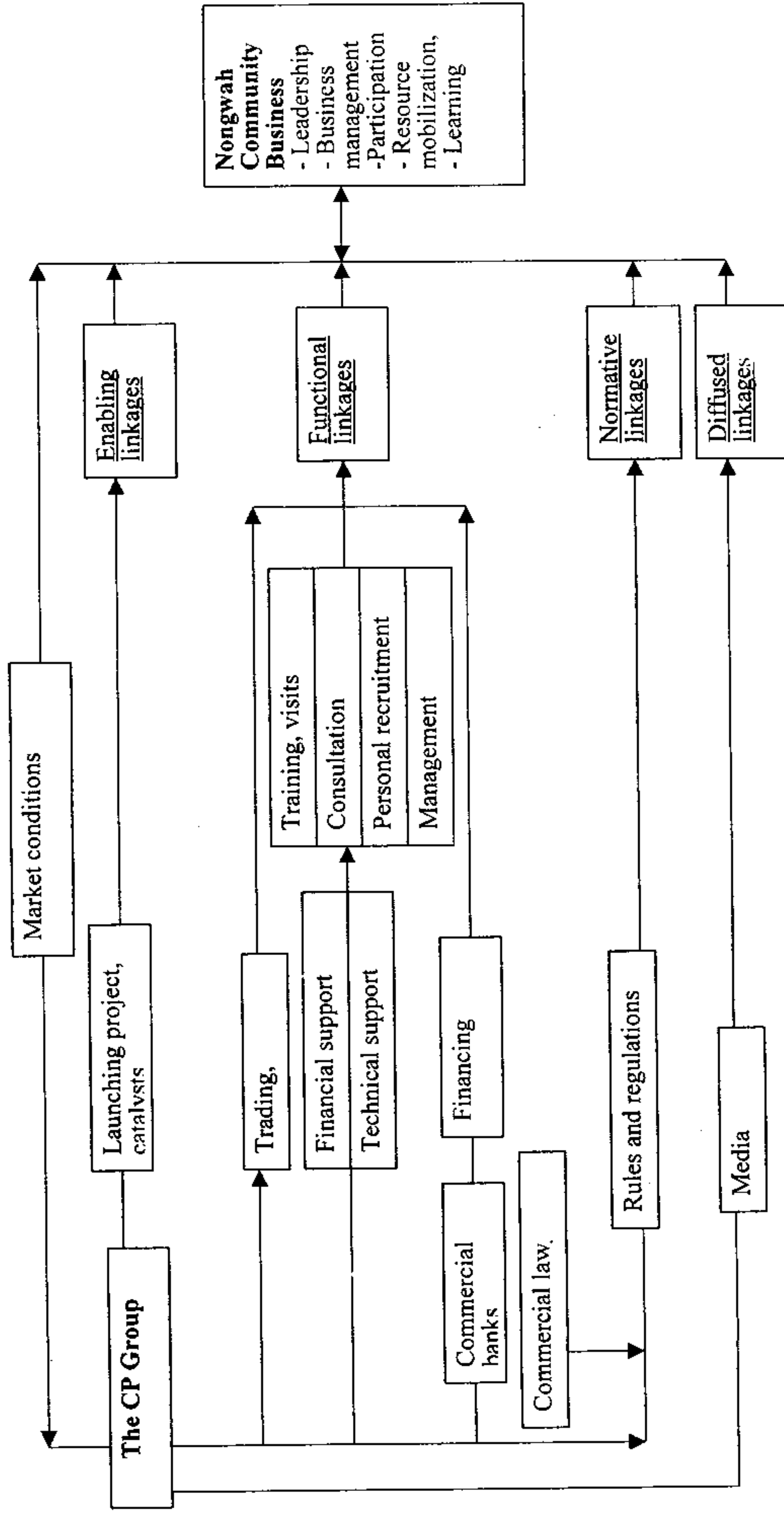


Figure 5-6 Nongwah's Transaction and Linkages with External Institutions

5.2.3.3 Identifying Key Factors and Conditions

For the Nongwah model, the following table illustrates key factors and conditions influencing the manifestation of Nongwah's community business (see table 5-4)

Table 5-4 Keys Factors and Conditions of Nongwah Model (1977-2000)

Formative stage	Implementation stage	Extension stage
Change agents – the CP	Change agents – the CP	Change agents – the CP
Networks – Bank, Gos	Networks – Bank, Gos	Networks – Bank, Gos
Government policy	Government policy	Government policy
Learning process	Learning process	Learning process
	Leadership - Bhakdee	Leadership - Bhakdee
	Business management	Business management

The CP has its dominant role through the Nongwah villagers company's three phases of development -- initiatives, catalyst, coordinator, facilitators for the learning process, business partners with their network in the business sector and government agencies.

At the same time, activities of the CP and Nongwah in the three stages have been influenced by government policy, for example through the land reform policy at the beginning, the anticommunist policy and the agricultural policy.

The leadership's role was more apparent in the second phase when all assets were transferred to community members and the CBO was registered as a company. However, Bhakdee mainly acts as a coordinator and mediator between the CP and the group. The learning process was created through training and visits and discussions among villagers facilitated by the CP.

Business management is an important factor for conducting the Nongwah community business. The business is operated with millions of Baht and mainly us the responsibility of professional management, recruited by the CP. All business activities are under the supervision of Bhakdee and other executive board members as well as receiving technical guidance and consultations from the CP.

5.3 Conditions for the Formation and Manifestation of Community Business

Some conditions for the formation and manifestation of community business have emerged from the three models. These conditions can be classified in terms of necessities into two categories, pre-conditions or pre-requisites and enhanced conditions, which will be described as follows:

5.3.1 Pre-conditions

Pre-conditions are those conditions that exist as a set of necessary conditions in the formative stage of community business. They are common conditions that come across three different cases. Without these conditions, CBO could hardly achieve success. The four following conditions are government policy, leadership, management, and change agents.

5.3.1.1 Government Policy

Government policy is the first condition affecting the formation and manifestation of community business. Relevant policy affects the activities of community business organizations in certain ways i.e. it encourages or enforces. Such encouragement and support policies are sufficiency economy policies, strong community and civil society policies, and price assurance policies. Enforcement policies are for example, commercial law, the Farmers Group Act, and the Rubber Control Act. These policies create a vital environment for the operation of community business.

5.3.1.2 Vision, Capacity, Commitment and Honesty of the Leader

All three studies reveal consistency and commonality as important to leadership. Leadership is the most important factor in the operation of community business organizations. As seen from the roles of Prayong in Maireang, Amnuay and other local leaders in Husamrong and Bhakdee in Nongwah, important qualifications of leaders are that they have vision, capability, commitment and honesty.

Vision describes how the future will be changed over time by the implementation of a set of activities. It is ability of the leader to foresee directions and

future trends of the community business organizations. Capability is to the leader's realization of this vision and his/her implementation of a series of activities as efficiently and effectively as possible. A leader's capability depends on many factors, such as his/her educational background, knowledge and experience, which can be enhanced through the leader's learning process. Most importantly, long term commitment and honesty in the leader would eventually build trust and respect which in turn will result in the continuity of activities and the solidarity of CBOs. Particularly, the most important qualification of these leaders is their ability to separate public matters from their private lives and embody the virtue of self-sacrifice for public life.

5.3.1.3 Efficient Management

Business management know-how is a crucial component for doing community business in three cases. These activities include production, marketing, personnel and finances. These management skills are based on the assumption that the better the management of community businesses, the more revenue and profit they can earn. Revenues or income means benefits received by members, which finally results in their satisfaction.

In addition, efficient management includes transparency and accountability, which could build trust among members of community business organizations.

5.3.1.4 Use of Catalysts

Catalysts or agents of change is a pre-condition of the formation and operation of CBOs. Many times, the catalyst is the leader him/herself. Catalysts function as a facilitator for implementing community business activities, such as the Village Foundation and the Agricultural Office in the case of Mairang, Amnuay in the case of Huasamrong, the CP Group in the case of Nongwah. With technical support and connections or even financial support of the catalyst, the CBOs function more effectively and efficiently.

5.3.2 Enhanced Conditions

Enhanced conditions mean those conditions which act as a set of supplementary conditions to encourage community business activities. The existence of these conditions will enhance the active manifestation of community business. According to the study, the following conditions are identified: traditional social capital, learning and knowledge creation, networks and linkages, and participation.

5.3.2.1 Traditional Social Capital

Social and cultural conditions are the most significant factors to encourage the continuity of community business. Evidence in two of the three cases assures the importance of cultural heritage as a basis for community business activities. Those social and cultural factors are kinship, village wisdom, the moral principals of sharing and collaborating as well as mutual aid.

These social and cultural factors create an appropriate environment for doing community business. Trust among villagers is the social capital that binds networks of formal and informal groups with strong expectations of mutual support and cooperation.

Two major themes of social capital emerged from the three case studies that entail the strength of community business are traditional institutions and traditional social relations.

Traditional institutions in rural communities that dominantly influence the cooperation of community business are temples. Communities where mutual assistance and solidarity of the community with a viable and strong temple as its center are the central operating principles of community business organizations as seen especially in the case of Huasamrong. The involvement of temples and the abbots in the cultural council and its activities, including community business, has resulted in the increasing degree of trust and sense of community attachment among villagers. The abbots, as the center of respect, has built trust and solidarity among villagers, which is the basis for further cooperation in community business activities

In addition to traditional institutions, traditional social relations play an important role in corresponding to doing community business. These relations in the

community are primarily centered around kinship, which is based upon consanguineal and affinity ties.

Kinship has played an important role influencing the existence and operation of community businesses. Kinship acts as a set of symbols, which makes a basic social distinction between “insiders” and “outsiders”, as well as a basic value supporting mutual aid (Brummelhuis and Kemp, eds., 1984: 14).

In addition to kinship, norms of reciprocal relations resulting from traditional cooperation groups, such as *share rang-ngan* in Maireang and *long khack* in Husamrong and other practices in labor exchange and food exchange among villagers build a system of mutual assistance. For example, when a family needs an extra labor force either for farm work or other work, such as house building, or well digging, the villager asks his relatives and neighbors for help. By doing so, he thus creates an obligatory system of mutual help. He must return the favor when needed by his neighbors or relatives. These practices, therefore, strengthen personal bonds and communal solidarity (Sanit, 1982: 120).

5.3.2.2 Learning and Knowledge Creation

As found from three cases, learning is created through training, discussions, meetings, seminars and visits. For example, farmers of Maireang went to Eastern Seaboard for training. Meeting was organized for farmers in Maireang and their networks. Community business organizations need to learn from self-experiences and from others' experience. In order to grow, knowledge creation relies on the systems used to collect information, reflection on that information and the implementation of changes based on what has been learned. The results of these changes are fed back into the learning cycle and lead to even further refinements.

5.3.2.3 Network and Linkages

Network and linkages include relationships with other individuals and organizations that enhance the efficiency and effectiveness of community business operations. It also includes all business partnerships. Mostly, community business organizations' networks were built on the basis of personal networks particularly through leaders or catalysts. Networks naturally consist of relatives, friends and acquaintances.

5.3.2.4 Participation

Participation guarantees the continuity and sustainability of community business activities. Depending only on a leader or catalyst without the learning process and participation would result in dependency. In three cases, participation has been facilitated through group structure, a set of committee, benefits sharing, resource mobilization and etc. As has happened in many local organizations, the ceasing of local organizations is inevitable due to the death, the sickness or the withdrawal of leader.

Chapter 6

Generalization about Community Business in Thailand

Findings from the three case studies in chapter 4 and 5 reveal nature of dynamism and complexities of community business in Thailand. The richness from the three cases enriches our understandings about characteristics of the community business organizations. However, the limitations of the case study method are that it could not refer to the whole picture. Therefore, survey methodology is needed to shed light on the wider scope and to supplement information on particular issues.

A survey of 560 samples from four regions around the country via the mailing of questionnaires was conducted. Of these mailed questionnaires, 184 or 32.8 percent was returned. The following analysis will describe and discuss a broad picture of community business found from the survey of 184 CBOs.

This chapter described findings from a survey. It begins with general background of the surveyed CBOs, their organization characteristics and management. Lastly, problems and needs stated by the CBOs were also analysed at the end of the chapter.

6.1 General Background

6.1.1 Location

These respondents are distributed in every region of the country. The highest number of respondents was from the Northeast (31 percent) and the lowest was from the South (21.2 percent) while the Central and the North are 31.0 and 21.2 percent respectively (see table 6-1 in appendix A).

6.1.2 Initiatives

One of variables examined here is whose initiative that the CBOs followed, whose guidelines, procedures and resources were followed. The study considers four

types of initiatives (1) local residents, (2) government agencies, (3) NGOs and (4) shared initiatives between local residents and outside agencies.

Apparently, the establishment of 59.8 percent of the surveyed CBOs was under government efforts. Among these various government agencies, two dominant agencies were the Agricultural Office of the Department of Community Development (32.5 percent and 41.2 percent respectively). Other government agencies were the Industrial Promotion Office, Department of Adult Education, Department of Public Welfare, District Office, Department of Export Promotion and the Bank of Agriculture. Partnerships among government agencies in initiating CBOs are included in the survey as well, such as between the Agricultural Office and the Department of Community Development, between the Agricultural Office and the Office of Rubber Plantation Promotion, Department of Internal Commerce

Aside from government agencies, in the Thai context, there is a case initiated by a Royal charities project, such as the Silk Weaving Group. The survey also found 1 CBO established with the cooperation from hospitals. At the same time, the initiation of NGOs is found in two CBOs (see table 6-2 and 6-3 in appendix A).

6.2 Organization Characteristics

6.2.1 Size

The size of the CBOS found in the survey is varied in terms of the number of existing members. The average size is 96, of which the largest is 1240 and the smallest is 6. The highest proportion of the surveyed CBOs or about a half of the total CBOs (40.8 percent) consists of 21-50 members (see table 6-4 in appendix A).

6.2.2 Age

The oldest CBO found from the survey is 28 years and the youngest is one year. The average age is 10.5 years. More than a half of the surveyed CBOs are less than 10 years old (59.9 percent) (See table 6-5 in appendix A).

6.2.3 Organization Structure and Function

Almost the surveyed CBOs have organization structure (97.8 percent) with a number of 13 board members in average. Board is selected from members through either appointment or election and is assigned with certain positions such as president,

vice president, treasurer and secretary. In some CBOs, all members are also board members. (See table 6-6 in appendix A).

The CBOs also have clear division of labor with tasks assigned to specific members or board members (82.6 percent). However, the study found that among those CBOs which have the rules of division of duties and responsibilities, in practice about 4.9 percent of them have never implemented the rules which came from the first agreement. Consequently, most work rely on leaders or a handful persons instead. (See table 6-7 in appendix A)

6.2.4 Gender and Leaders Background

In term of gender issue, there are more women than men participating in community business. Perhaps because Thai women perceive themselves as a bed rock of the families. Therefore, women are more eager to participate in business activities than men. Most leaders of the surveyed CBOs mentioned by the respondents are women (78.8 percent). Average board members ratio between men and women is one to two (5.2 of men: 11.8 of women). (See table 6-8 in appendix A)

The facts found from survey apparently indicate Thai values which prioritize the importance of seniority. An average age of leader is 49.5 years which the youngest is 28 years and the oldest is 73 years. The study found that almost a half of total CBOs have leaders who are older than 50 years old (44.6 percent) (see table 6-9 in appendix A).

An average time of leading position of CBOs leaders is 7.8 years. Proportion of current leaders who are in positions less than 5 years are closely to those between 6 to 10 years (40.2 and 39.7 percent respectively) (see table 6-10 in appendix A).

For education attainment, a half of surveyed leaders completed primary education (51.6 percent). Almost a half is at secondary education (40.2 percent). While only 2.2 percent of leaders graduated at university level (see table 6-11 in appendix A).

6.2.5 Rules and Regulations

Almost the surveyed CBOs have rules and regulations to use as a guideline for group management (98.9 percent). Formal rules applied to group management are from government agencies (22.3 percent), such as rules of the housewives' group,

farmers' group act. The study found that a half of the surveyed CBOs formulated rules and regulations by themselves (50.0 percent). Those rules could be in written rules or in verbal form, but members have their consensus on those practices. In addition, about a quarter of the CBOs have the rules but these rules have not been written (26.6 percent) (See table 6-12 in appendix A).

6.2.6 Meetings and Discussions

Data from the survey show that almost the surveyed CBOs have meetings and discussions on business activities. An average frequent times for meetings is once a month. (See table 6-13 in appendix A)

6.3 Community Business Management

6.3.1 Production

A variety of products initiated by the CBOs could be classified into four categories as 1) agricultural products and services, such as rubber, rice and other fresh produce, such as vegetables and mushrooms, 2) processed food such as chili paste, fish sauce, preserved fruit and shrimp paste, also including herbal medicine, 3) handicrafts such as woodwork and bamboo weaving, 4) clothes and 5) consumer products, such as gas, fertilizers, shampoo, detergents and soap.

Data revealed that about 286 items were found from the 184 surveyed CBOs. Almost a half of all the items were food-processed products including herbal medicine (41.9 percent). More than a quarter of the total items were handicrafts (28.7 percent) such as weaving bamboo, rubber leaves, woodwork and etc. and 18.5 percent were clothes. Meanwhile, agricultural products and services and consumer products were the least produced at nearly the same figure (5.6 and 5.3 percent respectively). (See table 6-14 in appendix A)

In terms of diversity of products, findings from the survey indicate two patterns of diversity. First, there were the CBOs, which produced multiple kinds of products across their categories, such as silk and sweetened tomatoes and banana chips. Second were the CBOs which produced multiple kinds of products with a variety of patterns and styles in one production line, for example a variety of bamboo

weavings, such as china dishes, book covers, pencil boxes, tissue and napkin boxes, lamps, etc.

More than a half of the surveyed CBOs have guaranteed their products' quality received from variety of agencies (57.7 percent). About 50.8 percent of all guaranteed products received product standards from the Department of Community Development. While in terms of legal practices particularly for food processing industry, Food and Drug Organization approved licenses for 20.5 percent of guaranteed products. Other dominant product standard certification for CBOs is from the Office of Agricultural Promotion government agencies (23.9 percent). In addition, there are other agencies where provided product certification for CBOs, such as local hospitals, the Office of Industrial Promotion, Tourism Authority of Thailand, Office of Sanitary, Provincial Administration, including newspaper columnists and TV programs. (See table 6-15 and 6-16)

Regarding skills required for production, the survey found that almost a half of the respondents (44.5 percent) employed traditional skills and 24.4 percent had addition training and visits while 25 percent were newly trained (See table 6-17 in appendix A).

Among the trained CBOs, the first three training agencies found from the survey are the Department of Community Development, the Department of Agricultural Promotion and the Department of Industrial Promotion (43 percent, 44.1 percent, 20.4 percent respectively). Other agencies mentioned by the respondents are the Department of Adult Education, the Department of Skills Development, non government organizations, Royal Initiative Project, Department of Export Promotion, Department of Public Welfare, Technological College, Office of Rubber Plantation promotion, Office of Provincial Administration and members of House of Representatives, Social Investment Funds, Bank of Agriculture and Cooperatives. (See table 6-18 in appendix A)

Source of materials and supplies used by CBOs for production denote potentials and capabilities of the CBOs in building local business connections and self-reliance. Utilization of local source implies lower costs for materials and transaction. The survey showed that about 78.7 percent of CBOs utilize materials purchased or found in local area, i.e. within the same province. This figure included

about a quarter of the surveyed CBOs (14.8 percent), which use a combination of materials from local areas and other areas. While about 21.3 percent of the CBOs rely on materials from other provinces including Bangkok and other countries (see table 6-19 in appendix A).

In addition to sources of materials, material purchasers also indicate a degree of self-reliance on the part of the CBOs. Almost all the surveyed CBOs (95.1 percent) purchase materials directly, while only 4.9 of them must rely on external agencies (see table 6-20 in appendix A).

More than half of the surveyed CBOs conduct group activities at places contributed by leaders (54.1 percent). The utilization of other public space such as TAO, temples, village halls, school, state land and government office etc. is seen among 25.6 percent of the CBOs. While about 9.8 percent have an endowment in a form of collective land (See table 6-21 in appendix A).

Costs for utilization of land are different. Exceeding a half of the CBOs (66.1 percent) have no rent costs and no utility costs but about 28.4 percent of them must pay for utilities (electricity and water work) with varying rates, ranging from a minimum of 30 Baht to a maximum of 1000 Baht (See table 6-22 in appendix A).

A more significant factor of the community business is endowment. The survey found that about 65.8 percent of the surveyed CBOs have group endowments such as land, building and equipment. Members have the right to use such properties including equipment like sewing machines, weaving equipment and ovens on an individual basis or on the group's behalf to generate income (see table 6-23 in appendix A).

For material management, more than a half of the surveyed CBOs purchased materials at a group expense (58.5 percent) while the remainder was at members' expense (41.5 percent) (see table 6-24 in appendix A).

Among those CBOs purchasing at either a group or individual expense, there is variety of management styles. Table 6-25 in appendix A describes different types of management used by the CBOs. About 39 percent of the surveyed CBOs produce individually but sell collectively. Production in this case is made by members on an individual basis and members sell their products collectively. The CBOs may charge a

fee in terms of percentages of the price of products for operational costs and for the group's benefits.

In addition, close to a number of the first management type, the second is a way in which the CBOs produced and sold collectively (40.2 percent). All attempts are made through the group's efforts. This management style is typical of community business in Thailand such as the CBOs at Huasamrong.

The third type is the way in which members' production is based individually and they sell products to the group directly (14.7 percent) such as the rubber farmers' group in the case of Maireang and the rice framers' group. Members of CBOs produce and sell product to the group on an individual basis, but operational cost belongs to the group. There are a few CBOs which use a combination of the first and third type (2.2 percent).

The last type of management found here is when the production and sale are made by members individually, but the source of capital comes from the group, to which members must return with interest (2.7 percent). In this type, there are some cases where members produced on an individual basis but obtained the raw materials from the group. Purchases are at the CBOs expense. Materials such as silk and cotton are purchased by the group and distributed to members equally or according to their needs and production capacity. Members of these CBOs receive wages from the group and the rate of the wages is based production skills, such as in the weaving group of Nonsamran at Nakornrajchasrima. Members gain income from wages for production and from profit sharing (See table 6-25 in appendix A).

6.3.2 Marketing

Retails, wholesales and selling through intermediaries are major channels of distribution used by the CBOs. The most frequent way used by the CBOs is wholesales (38.2 percent) or 81 percent of the total CBOs. The remainders are retails and selling through intermediaries (76.6 percent and 44 percent of the total CBOs respectively). (See table 6-26 in appendix A)

When it comes to the issue of market accessibility, about two-third of the CBOs gain access to market because their customers search for purchasing of

products by themselves directly (67.4 percent). Whereas market entrance created by self efforts of the CBOs is about a half of the total CBOs (60.9 percent).

Meantime, markets are also introduced by external agencies (39.1 percent). Those agencies mostly mentioned by the surveyed CBOs are government agencies particularly the Office of Agriculture and Department of Community Development (13.0 and 12.5 percent of the total CBOs respectively). Others are Department of Industrial Promotion, Department of Export Promotion, Tourism Authority of Thailand, Department of Internal Commerce. These agencies arrange market place as special events in a district or province or even in Bangkok and invite CBOs to participate or introduce particular traders to the CBOs or trade themselves. (See table 6-28 in appendix A)

6.3.3 Finance

6.3.3.1 Resource Mobilization and Source of Financial Support

Financial sources for community business activities could be classified into 3 sources 1) resource mobilization from members, 2) financial support from local organization networks and 3) external financial support from agencies.

As seen from table 6-29 in appendix A, when considering the whole picture, the study found that the feature of resource mobilization for community business activities is mutually inclusive. Loans/grants (66.8 and 65.2 percent respectively) is dominant among all kinds. The surveyed CBOs received financial support as either loans or grants from various agencies ranging from grassroot networks such as Tambon Organization Administration, Saving Group or Village Bank to government agencies such as Agricultural Office, Department of Community Development, Department of Industrial Promotion, Department of Public Welfare, Government Saving Bank and NGOs. Few CBOs received loans from commercial banks. (See table 6-30 in appendix A)

Among those CBOs, which receive financial support, some allocate loans or grants to members directly. The agencies first provide loans to CBOs on a group basis but CBOs also allocate to members on individually. Members utilize these financial supports for individual production as in the case of the housewives

group of Nonsamran, Nakornsrihammaraj province for example. Interest from loans and grants are later returned to the group for operation costs and for profit sharing.

The second feature is the members' purchasing of business shares (56 percent) themselves. Agreement on the value and volume of shares depends on the decision-making structures of the CBOs. The involvement of members for investment in CBOs is a form of member participation in community business activities, which would result in commitment in community business activities.

Aside from two forms of financial support discussed above, about 18.5 percent of the surveyed CBOs gained support from leader directly. Leaders provide financial support for production by payment for the group in advance and receive reimbursement later as seen in a case of Sripan Women Farmer Group at Angthong province, for instance. (See table 6-29 in appendix A)

6.3.3.2 Returns of Benefits

Returns of benefits are seen in many forms such as profit sharing, revolving funds, wages, salaries, welfare for members and welfare for community. (See table 6-31, 6-32 and 6-33 in appendix A)

For its first type of return, more than a half of total CBOs share dividend. (62.5 percent). Profit sharing among members is distributed on a monthly, bi monthly, quarterly or annually basis depending on the agreement among members. In most cases, the amount of profit for sharing ranges between 50-70 percent of the total profits. Members receive profits in terms of percentages of shareholding.

In some cases, profits were returned to members in the form of loans provided for members. For example, in the case of the Weaving group at Nongjik, each member received loans of 2000 Baht for production. The funds for these loans came from the group's profits.

Aside from profits sharing among members, the surveyed CBOs contributed profits from doing business for further investment in their business activities, for members welfare and for community benefits (62.5, 17.4 and 33.2 percent respectively). (See table 6-33 in appendix A)

Contributions of the CBOs for community benefits are seen in many forms. It is interesting to find out that one dominant feature is to give for Buddhist

religious ceremonies (*kathin, pa-pha*) and for social activities such as resources for New Year celebration, contributions for maintaining of social relations in various occasions i.e. funeral, weddings, new house ritual. Others are cremation funds, welfare for the elders and scholarship for students in the community.

In addition to profit sharing and contributions, the CBOs distribute benefits in the form of employment. Payment is made for labor used in production process. The data reveals that about a half of the surveyed CBOs (51.1 percent) creates employment within and beyond the group boundary. Most of the labor force is from members and the board itself, while few are from outside groups. Board and members receive payments in many forms, as salaries, daily wages, per diem. Payments for outside people, such as staff and workers are in salaries and wages from the CBOs. The range of the daily wage is between 50 to 200 Baht per day and salaries are between 1,000 to 3,000 Baht. In cases where members produce individually, benefits emerge from income generated by piecemeal work.

6.3.4 Network at Grassroot Level and Learning Experiences

Data from the survey illustrated that most surveyed CBOs attained seminar and had field trip (78.3 and 77.2 percent respectively). During seminar and visits, the CBOs have opportunities for exchanging ideas and experiences directly with other grassroot organizations. Whereas production and marketing training is less and accounting training is the least (72.3, 61.4 and 51.1 percent respectively). In addition, as a consequence from networking, some CBOs make business deals with other grassroot organizations. (See table 6-34 and 6-35 in appendix A)

6.4 Problems and Needs

According to perception of the CBOs, the study found 287 problems mentioned by 112 respondents or 60 percent of the total surveyed CBOs. These problems could be categorized into five major areas of community business management: production, marketing, finance, human resources and external support (see table 6-36 in appendix A).

As seen from table 6-36, the overall picture deduced from the survey reveals that the CBOs highlight production management problems as the first barrier (33.8

percent). About a half of total CBOs have production problems (52.7 percent). Subsequently, the CBOs have been confronting with marketing problems (45.1 percent), financial problems (35.9 percent), human resource or members (17.9 percent) and external support (6.0 percent).

However, when considered as a separate issue in more detail, lack of revolving funds is the problem most mentioned by the CBOs (21.2 percent). Due to a shortage of revolving funds, the group is not able to continue its business activities, such as to purchase products from members, or to purchase materials for production. As seen in the case of the shrimp paste group in Rayong, the group needs more revolving funds for increasing their volume of production, which in turn would result in increased sales and income. Or another example, that of the women farmers of Ban Pahpai, although the CBO had a large purchasing order, it could not accept that order because it could not afford the materials. Sometimes, the CBOs need to increase their productivity by increasing their capital on new storage, modern equipment, product development, etc. but it is not possible for them to do so because of limited resources. In addition, the problem of shortage of funds closely relates to the problem of the high costs of production because of the economy of scale. That is the higher volume of material purchased, the cheaper its costs. On the contrary to the principle, from the shortage of funds, the CBOs fail to increase their productivity and efficiency as well as losing their business opportunities.

A part of shortage of capital emerged from the survey is credit system. Many times credit for payment from customers affects the problem of shortage of revolving funds. Most CBOs have small working capital but payment from customers particularly for a large volume of products are credited for a period of time such as a case between Huasamrong CBOs and Lemon Farm Cooperatives Shop in Bangkok. Therefore, discontinuity of production activities is a result since the group do not have enough working capital and cannot mobilize resource for the next round of production.

Another financial problem is the lack of skill in financial management and accounting (1.1 percent). Even though data from the survey show that the CBOs do not realize this issue, a book keeping system is vital for efficient management, which then leads to transparency and accountability as well as trust among members. In

addition, taxes (0.5 percent) and debt (0.5 percent) are other financial problems encountered by the CBOs.

Second is the problem of market accessibility (29.9 percent). Since the CBOs do not have market management skills and information about the market, they have limited ability to enlarge their customer base and to expand their business or even in some cases the CBOs must rely on outsiders in order to expand their search for a market.

In addition, the marketing problem is not concentrated merely on the availability of a market place, but it is related to a whole market system ranging from market demands, transportation, packaging and etc.

The market mechanism affects the operation of community business activities. For instance, high competition among products (4.4 percent), which results in variety of choices and prices for consumers consequently brings about a low competitive advantage for the community business compared with similar products produced by private businesses. A part of reasons is that the CBOs have a higher cost of production and lower product development due to such reasons as a lack of modern technology and sufficient capital to reach an economy of scale, lack of product identity and development, etc. This situation is seen for example in the case of a CBO where brown rice from machine mill in a private enterprise is cheaper than those from hand mills of a CBO.

Marketing syndrome presented in many forms is mainly the consequence of lacking of knowledge in business management such as planning, channels of distribution, business connections, product development and market needs.

Based on this fact, the author would like to proffer the argument on the concept of *"one product one village"*¹ which emerged from many proponents recently. Theoretically, the presumption of this concept is product diversification and the division of labor, which automatically brings about the market availability or market niche. However, in reality the availability of the market niche is not the panacea for marketing problems. Data from three case studies and from the survey reveal that the problems are further rooted in the lack of skill and knowledge on

¹ Those proponents are such as Thai Rak Thai Party, Sapon Supamong and etc.

business management. It could not isolate the marketing problems and deal with them separately. For example, marketing also involves transportation. Even though, external agencies could enlarge market for community business products, many CBOs are confronting high transaction costs. For example, the villagers do not have vehicles for delivery (4.3 percent), or are not willing to deliver products beyond the community boundaries as seen in the case of chili paste group at Huasamrong. The problem then moves to the question of who and how to absorb transaction costs.

Another uncontrolled problem in marketing found from the survey is the dishonesty of some traders (0.5 percent). In one case, a middleman with a large order but who did not pay cheated the CBO. In other cases, instead of free competition, collusion and a monopoly held by the purchasers would result in a low price for the CBOs products (2.7 percent).

A consequence of the market problem is a psychological effect. Members of CBOs come to feel bored and discouraged due to no immediate tangible solution, particularly in terms of income generated from community business activities. Then, a lack of enthusiasm results in their declining participation in-group activities and the collapse of the CBO.

For the issue of human resource which directly affects the group's cohesiveness, the study found problems in trust and understanding among members (3.3 percent). In some cases, the groups solved their problems by organizing meetings and discussions on group's matters through compromise and consensus.

Another problem that emerged from members was the limited time and energy contributed to community business activities (4.9 percent). Members have to work at their main career in the agricultural sector, which needs intensive time and attention, particularly in the planting and harvesting seasons. In addition, this problem in some cases refers to gender attitude among villagers. Since women mainly operate many CBOs, many times husbands prevent wife from doing community business because it takes her away from her domestic work for the family. In addition, women themselves also will give greater importance to their traditional roles rather than their new roles in the community business.

Altogether with humane problem, other problems mentioned by the surveyed CBOs are passivity (1.6 percent), no discipline (3.3 percent), uneducated (1.1 percent) and selfishness (2.7 percent).

Aside from the three kinds of problems, production management problems are the greatest concern of the CBOs, particularly the problem of shortage of modern equipments (9.2 percent). A major reason is that they cannot afford to purchase modern technology. Meanwhile, the lack of modern equipment affects the level of productivity. Modern technology could support the CBOs in producing on a large scale to meet large-scale orders. Modern equipment, in addition could help in decreasing production costs and increasing sales.

Many times, production was delayed (2.7 percent) because they took time doing manually because they lacked modern equipments or craftsmanship and labor. The problem of the shortage of skilled labor (3.3 percent) is apparent in many cases of handicraft groups, such as woodcraft. These products need craftsmanship for production which is of specific qualifications and whose producers need to be trained.

Problems of production management are involved with the problems of shortage of materials and supplies for production. The problem could arise for many reasons. Some materials are available only for a certain period of time (3.8 percent), such as small fish for the processed fish business or some materials, such as certain forest products that are hardly found any more. Natural conditions (3.3 percent) such as weather can also cause damage and shortages. Other problems of material management center around the unavailability of materials in local areas, which results in a higher cost for materials due to transportation costs and middlemen (8.7 percent).

Lack of appropriate storage (8.2 percent) is a crucial problem faced by the CBOs with particular products, such as weaving cotton and silk or weaving bamboo because without good storage natural conditions such as dust and rain can damage these products. However, again due to the problem of shortage of capital, it is not possible for CBOs to invest on a storage building.

The lack of product development (6.0 percent), including the development of packaging, is another challenge to the production management of CBOs. This problem needs consultation services from relevant agencies.

The final problem results from the discontinuity of support from outside agencies, particularly government agencies (6.0 percent). The CBOs need continued support, such as training on product development, financial support of revolving funds, etc. This lack of reliable and steady support in turn leads to lowering the capability of CBOs in business management.

As seen, the many problems facing the CBOs are mainly due to their already mentioned management capability and their inability to adapt. For example, given the shortage of materials, how the CBOs could find alternative supplies or even change their products. The evidence is interesting. As in one case where there was no production activities but revolving funds still circulated within the group. Previously, this CBO aimed at food processing but later the group stopped its production due to a lack of market accessibility. The CBO adjusted itself by launching a new business of renting out its kitchen utilities. This example showed the CBOs' ability to adapt itself to survive before resuming its activities.

Chapter 7

Conclusion and Recommendations

In this final chapter, the conclusions regarding community business in Thailand will be drawn from answering the following questions: What can we learn from our studies about the concept and meaning of community business? In other words, what is its landscape? What are its nature and characteristics? Whom is it for? Who are the beneficiaries? What are their vulnerabilities and prescriptions? The answers and explanations will give us a broader understanding of the nature and characteristics of community business as well as appropriate approaches to support them. In addition, the study finally explores reasons explaining why community business is an alternative approach to rural development, which would bridge the gap between theoretical concepts and practices.

7.1 A Landscape of Community Business in Thailand

With regard to the scope of the study, its units are active community business organizations (CBOs), which concentrate on production. Therefore, the landscape of community business portrayed here is community business production only. It does not account for other CBOs in the financial and service sectors, such as saving groups or retail shops.

7.1.1 Concept and Meaning of Community Business

Through empirical data from three case studies and survey, community businesses are diverse in terms of size, management, initiators and etc. Among its diversity, the study makes an exploration of the concept and meaning of community business. In accordance with a general definition given prior to entering the empirical study, which community business is defined as:

Those business activities, which are owned and controlled by a local organization(s) in the community. The activities involve cooperation among members in those local organizations and also in other business alliances. Its major principle is based on the gathering of local people in performing business activities. Participation is a crucial element. Members of the group participate in every stage of the planning, implementation and decision-making. Then, profits are reinvested in the business and used in some ways for contributing to the community's or members' benefits, such as a welfare fund, and returned to all stakeholders. In short, it is a hybrid between conventional business, which aims at seeking for profits and community development, which in addition aims at creating social benefits for the community.

Regarding the variety of nature and characteristics of community business in Thailand found from three case studies, only the Maireang case conforms to the definition mentioned above. For example, the Maireang farmers have collective property rights on the rubber factory with full authority to make decision on management issues. In addition, resources for investment were mobilized from the farmers themselves. While in Huasamrong, the Huasamrong groups are more production units than full-fledged business organizations. Part of reasons is because their businesses have not made significant amount of income when compared to other two cases. In addition, even though the villagers have full authority for participation in all business administration issues such as production and marketing management, the business activities of CBOs in Huasamrong have very much relied on the outside change agents. However, in the future, it would become a full-fledged CBO, if its degree of dependency on change agents could be decreased remarkably and business activities could be well performed by local villagers themselves. In a case of Nongwah which its business activities consists of three phases, during the first phase before the establishment of the villagers owned business company, the business entity

was not a CBO because all assets did not belong to the villagers but to the project. All business activities during the first phase were totally under the corporation's control. Relationship between the corporate and the villagers was through contract labor and contract farming. Therefore, Nongwah was rather a development project which was initiated and demonstrated by the corporation. Thereafter in the second and third phase, when it became Nongwah Village Company Ltd., it turned to be a CBO because the villagers have collective property rights on all assets. In addition, authority to make decisions on business activities has been shifted to board members who are the villagers themselves.

By the illustrations of three case studies, community business organization is diverse. Therefore, the above definition is not provided in a strictly sense but locates at the following bottom line:

A business entity owned by local organizations which aim at both profit and social benefits.

Given this bottom line, community business is a mixture of conventional business and local organizations. At the same time, it does not include all features from both types of organizations. Its own unique characteristic differs from that of a privately owned business and other types of local organizations. In order to distinguish community business from other business entities and other local organizations in Thailand, the following four basic elements can be identified as:

First, the CBO must be operated by local organizations. Local organizations mean those organizations, which are operated by local villagers at the local level, which in the Thai context refers to the area smaller than the sub district level. Likewise the local organization CBO is intermediary for rural development (Esman and Uphoff, 1984: 15-41). However, it differs from other local organizations in terms of its goals and objectives, functions and resources.

By characterizing the main features of local organizations according to goals and objectives, functions and resources, the CBO exists in the continuum of local organizations along the main lines of variation within the universe of local organizations, ranging from local government, local development associations, CBOs

and membership associations. The defining characteristics of each group is shown in the following table.

Table 7-1 Distinguished Characteristics of Local Organizations

	Local Government	Local Development Associations	Community Business Organizations	Membership Organizations
Objectives	Perform government functions at the local level	Improve income, services, quality of life etc. for local villagers	Increase benefits from economic production and perform business activities for members' common interests	Advance members' common interest on a specific purpose
Functions	Comprehensive based on area basis	Comprehensive based on area basis	Business activities	Depending on agreement of members
Resources	Taxation and government budgets	Contributions, external support	Pooling of member resources or may have government subsidies and external support	Contributions, external support
Examples	Tambon Administration Office	Village Council, Council of Leaders at Maireang, Cultural council at Huasamrong	Maireang Farmers Group, Nongwa Villagers Company, Occupation groups in Huasamrong	Irrigation groups in the Northern Thailand, Community Forestry Group

Sources: Adjusted from Esman and Uphoff. **Local Organizations: Intermediaries in Rural Development.** Cornell University Press: London: 1984, p.65.

All types of local organizations described in the table above are operating organizations at the local level. Major differences among each type lie on objectives, functions, authority and sources of funding.

Local government or the Tambon Administration Office (TAO) operates as the enforcer of laws, rules and taxes for the local administration unit. It is a structure of the government authorizers dealing directly with development activities. Its budget comes from taxes and from the central government. While, local development

associations are involved with development activities, no government authorization is present, as seen in the case of the Maireang Council of Leaders or the Huasamrong Cultural Council Resources for local development associations. These are supported from contributions or external support. At the same time, while membership organizations may have similar structures to the CBO's, they have different goals and functions. Aside from business activities, membership organizations have different goals in the pursuit of member interests, such as irrigation groups and community forestry organizations working on the issues of common property management or a Senior Citizen Club working on senior citizen activities.

Second, collective ownership is a necessary condition for CBOs. The major difference between regular business and community business lies in the ownership of the factors of production and endowment. In community business, a local organization has collective ownership of the factors of production and endowment, which are utilized further to generate income for the organization. In some cases, although there is no profit sharing, the endowment is collective property. While for conventional business, there is private ownership of an individual as an entrepreneur in order to pursue individual interests. However, this criterion has limitations because it does not exclude privately owned business by a group of individuals.

Third, in the market economy, all businesses including community business must pursue profits. However, the difference between ordinary business and community business is level of profit. A private owner s looks for the highest rate of profit, while a community business might find any rate of return above zero worthwhile. For example, in the case of Maireang, the farmers' group was able to reach a maximum profits by purchasing fresh latex for a low price, but the group had a deep concern over an optimal profits and the well being of members. Since 1998, the group lost profits but it continually created income for members through latex purchasing. In the meantime, ignoring profit results in the collapse of the community business. Given that all business organizations cannot be sustained without any monetary return, CBOs which pursue only development without a business sense discovers that such a course is not sustainable. These organizations are not considered as CBOs, but as other types of local organizations.

Fourth, the return of benefits to members and the community is another major criteria in defining a community business. The variety of benefits can be seen in the study, i.e. profit sharing or dividends, wages, income and welfare. Profit sharing is crucial to distinguishing CBOs from other business entities. On the other hand, some business organizations gain profit from business activities but distribution of profits is not to members or communities. Profits belonging to the leaders or owners and members are only as wages or they sometimes receive other forms of benefits. This kind of organization even though established as a form of group and supported by many agencies is not counted as a CBO.

7.2 Vulnerabilities and Limitations

Underneath the diversities and differences of community business in Thailand, some common problems emerged from three case studies and the survey. Given the vulnerabilities of community business, it is remarkable that these symptoms resulted in the discontinuing of their activities and eventually the ceasing to exist of the CBOs.

These problems encountered by community business are generally grouped into four categories: passivity and lack of commitment, dependency, ineffectiveness and malpractices.

7.2.1 Passivity and Lack of Commitment

Passivity and lack of commitment in rural villagers may result in the decline of villagers as associates in community business activities. To affiliate with CBOs for them is considered impossible, unreliable and a waste of time. As seen in the formative stage of Farmers' Group in Mairiang, there were only twelve farmers who were the founders participating in community business activities.

Values and culture is the first and foremost reason to explain the root causes of the problem. First, Thai peasants value social relations are centering around the personal and the patron client. Villagers prefer to rely on links with kinfolk, patrons, officials or others to protect themselves and ensure their survival. Therefore, they are unwilling to risk their capital through associations with people in similar circumstances. Or major reasons of being members of CBOs is because they have connection with leaders. As apparently seen in a case of Huasamrong, two leaders of

CBOs involved in community business activities because they are a former student and a former teacher of the change agent.

Second, fun (*sanuk*) and a comfortable life (*sabai*) are important values resulting in the temporary involvement of villagers engaging in community business. For example, in a case of Huasamrong when there was a big fair arranged by the government agencies in Bangkok, the villagers came to Bangkok for fun and for selling their products or when a group leader needed cooperation from members, he must treat a meal for the group members. Because of these values, villagers have a tendency to seek pleasure in the present, consuming and being self indulgent, abhorring hard work and seeking an abundance of material generosity (Suntaree in Sinha and Kao, 1988). Whereas, doing community business in the long run is working with associations and requires continuous efforts and patience. These requirements are therefore an antithesis to basic Thai peasant values.

Third, in terms of social structure, community members are passive if they believe untrustworthy initiators are promoting the CBO. The initiators are easily discredited through rumor and gossip. Resistance is even stronger if there are conflicts among community leaders or fractions. Fear of politics and the consequences of being involved in controversy may inhibit broad participation by the local villagers in community business.

Forth, some of the most striking passive resistance found in the survey and a case of Huasamrong is male dominance. The study found that in the cases where women actively participate in community business, husbands who complained that their wives were ignoring family matters and housework stubbornly opposed those women. Under pressure from husbands, some women terminated their participation in community business.

7.2.2 Dependency

This weakness was the dependence of an organization upon its leadership. Leaders can be either outsiders such as politicians, NGOs, and government officials or even local leaders. CBOs are in chronic danger of losing their freedom of action and falling under the operation and control of a leader. The consequence of control is usually a passive and dependent constituency.

Monopoly and discretionary power of a few local leaders without broad participation from members often brings about a tendency toward less sustainability. Instead of being proactive through the learning process, they are passive in the business activities. This would result in the termination of community business activities when former leaders stop performing their roles. For example, as seen from one case in the field survey, the CBO cannot proceed with its activity because its leader is failing with a chronic disease and not able to work for the group.

In the case of the outsiders, theoretically CBOs should represent the interests of their members as the members define their interests. Once the outsiders intervene, even with well intentions, this self-determination may be at risk. This is a major dilemma for CBOs and other local organizations. Well-intentioned outsiders could dominate community business activities, such as the case of Huasamrong in which Amnuay has assertive and proactive roles. However, the very process of intervening in a stagnant, in egalitarian situation drew Amnuay into a paternalistic role. Likewise, in a case of Nongwah, if the CP withdraw itself from the CBO, there would be at least the problems on personnel management and marketing.

The situation of dependency is also apparent in CBOs, which were initiated by the government. Due to its top down characteristics, the government may be helpful and necessary, but they can lead to dependency and control that undermines the ability of the CBOs.

The motives of government may vary. They may desire to ensure that resources are used honestly and for the intended purposes, or to promote uniformity as an aid to good administration. By claiming their legitimacy, government officials also assume they have an accurate idea of what CBOs need and what will benefit them. However, the unfortunate fact is that governments frequently do not know what kinds of activities are really beneficial to the local villagers.

It has been noted that assistance provided by a supportive government could weaken leaders and affect the goals and objectives of the organizations. The price of government intervention inevitably causes some loss of local control. Many maneuvers are used to control CBOs, for example, there are always strings attached to loans, grants and services. At the minimum, records must be kept in certain ways; reports must be written and filed. This leads to a loss of self-determination in CBOs.

The results of even well meaning top-down prescriptions undermine the ability of CBOs to represent and act on behalf of their self-defined needs. As they lose their capacity to act on their own initiative, they become less effective in mobilizing self-help, in managing resources, in articulating the needs of their members.

The loss of self-determination may be reflected in decisions about what CBOs should do. The consequence is that the priorities of organizations become distorted and no longer reflect the preferences of their members or their knowledge of local conditions. As they lose their sense of control, their participation diminishes and the CBO comes to be regarded as the instrument and responsibility of the outsiders and leaders. Having lost control, the members abandon their initiative and responsibility. For example, in the case of Huasamrong, the shampoo group was introduced without consulting the people who would be affected and whose participation would be vital to its success. As a result, the group had to depend on the continuing support of government agencies.

7.2.3 Ineffectiveness

Business skills and organizational skills are often in short supply among CBOs in Thailand. A case of Maireang showed trial and error of the farmers to establish rubber factory without knowledge and experiences in business management. There is no balance sheet or any record in a case of traditional medicine group in Huasamrong, for example. The underdevelopment of these skills is most likely due to little education and inexperience in business. Leaders and members with little experience in business management are most likely to have difficulties in managing and sustaining CBOs. In various situations, a lack of skill in basic business management can lead to imprudent investments in equipment, heavy debts or the launching of ventures that fail and discredit the CBOs among its members and discourage member participation.

Lack of skills in business development and marketing skills is foremost among CBOs. Due to limited skills and knowledge, many times the group fails to develop products, which are in market demand, or they have problems with the channels of distribution. Aside from these, the CBOs might not be able to find the market niches for their products because they lack business connections.

Other skills lacking that lead to ineffectiveness are the inability to manage the finances. The CBOs are unable to mobilize resources according to their needs. Consequently, the whole process of business might be delayed or inefficient because CBOs cannot produce at an economy of scale, which may result from limitations in resources. One resource management skills that may be overlooked was demonstrated in the case of CBOs found in the survey. The group used its credit to purchase materials for production. All ran smoothly for the first six months until the equipment began to need frequent and costly repairs. Loan repayment funds were diverted to maintenance of the machines. The situation worsened as members accused each other of being irresponsible with the equipment. Loan repayment became overdue and several members dropped out.

Ineffectiveness can further reinforce low esteem and lack of confidence. In reality, benefits are often delayed while costs are immediate. Failure to realize optimistic expectations creates disillusionment among the members and leads to the erosion of their participation. Members felt bored and felt it was a waste of time to join activities.

Memory of failure further restrains future efforts of community business activities. Their limited resources and lack of self-confidence are negatively reinforced by their limited skills in presenting their case and in bargaining for group benefits. Initial rebuffs and disappointments may discourage members, persuade them that the organization is doomed to ineffectiveness and convince them that they are better advised to pursue individual interests rather than collective ones.

The need to overcome this lack in business skills through training and to avoid unwise ventures and other forms of technical assistance provides a major rationale for government intervention and assistance to CBOs. However, some government practices could lead to ineffectiveness by setting formalistic requirements for CBOs that are difficult for members to meet.

7.2.4 Malpractices

Individuals frequently use CBOs to pursue personal goals, which violate the collective interests of its members. Those who achieve positions of leadership may use the resources of the organizations for their personal gain or for the benefit of

family, friends or factions. Funds may be diverted from organizational to personal purposes. Such actions could destroy the morale of members and result in the demise of the CBO. CBOs then will cease to function due to corruption, free riders and the inability of the majority to enforce organizational discipline.

Corrupt practices are often confined to organizational leaders. Corrupt and self benefiting-seeking leaders may betray villagers' trust. The opportunity or the step toward opportunities is regarded as more or less a legitimate return for the leader's efforts and costs. Often, the members will acquiesce on more tangible rewards, for example, the location of a group's property at the leader's house, jobs for their relatives- but not beyond some thresholds where benefits transgress what is considered "fair" compensation for the burdens of leadership.

Often, the members are less committed to the collectivity, despite the best efforts of leaders. They invade the organizational resources. They may fail to repay loans or to contribute their share of labor. These antisocial practices by members reflect weak institutional and weak norms of cooperation. These undermine the CBO performance. Preventing or correcting these abuses or controlling free riders- the persons who benefit without contributing to the organization -- may require sanctions and social controls.

The example of free riders is illustrated in the case of Huasamrong - Chili Paste Housewives Group. Even though few members of the group have never contributed their labor for producing chili-paste and while others have usually come and worked, profits were equally shared among members. The problem has worsened because there was no penalty to help remedy this malpractice. People just sat and talked behind the free rider's back. Consequently, other members' morale was gradually eroded and they became ready to become other free riders. Some members perceived injustice and had the feelings of being exploited. As a result, the group tentatively ceased operations because nobody wanted to be the lonely sacrificial victim.

In addition, incompetent bookkeeping skills -- the ability to manage financial record-keeping and funds was often linked to mistrust and corruption. Even though the villager's social relation was based on trust, without systemic financial account and accessibility, there was high tendency toward malpractices.

7.2.5 Limitation in Group Expansion

In all cases found in the study, the limitation is apparently on the capability for group expansion or in other words, on the members who benefit directly in monetary term. The Maireang Farmers' Group cannot afford to purchase fresh latex from every villager in the community. Likewise, there is no piece of land and no need to increase the number of members in the Nongwah corporation. Members in the Hand Milled Rice, Salted Egg, Chili Paste groups at Huasamrong are not ready for new members.

These financial constraints have limited the capability for profit making and profit sharing. Based on the fact that the more persons involved, the less profits would be shared, there are three possible reasons for this. First, profits are not large enough to be shared with others. Second, members need to have increasing profits for sharing, instead of distribution to others. Third, under its financial constraints, the CBO has limited working capital, which inhibits the group's expansion. This is applicable particularly in the case of CBOs, which purchase products from members, such as in Maireang case.

Group expansion is hardly possible due to those constraints. When compared to other social development programs, such as youth development in Nongwah, the candle ceremony, reconstruction of the old temple in Huasamrong and of the learning center in Maireang, the situation is totally different. Because there is no benefit in terms of money, these programs welcomed all community members to participate.

7.3 Prescriptions for Remedies and Strategies for the Future

There is no foolproof remedy for the shortcomings of community business. The effectiveness and sustainability of community business depends on the context in which they are invoked as well as the skill and persistence with which they pursue. In addition, each solution is likely to create its own problems. Solutions need to be continually assessed to see whether they are achieving their intended purposes and modified to deal with undesired effects.

Various measures are recommended here particularly regarding some interventions and organizational techniques for reducing problems initiated by the CBOs found the study and also by the author. In addition, there is no single pill to

guarantee the alleviation of the sickness. The following measures should be introduced in combination so they will mutually reinforce effects.

7.3.1 Increasing Effectiveness

7.3.1.1 Business Development Service for Community Business

One major problem for income generating activities initiated by CBOs is the need to focus on business skills. Villagers have no business “know how” nor connections or networks. Basic feasibility studies of business projects, marketing skills, accounting and inventory skills are weak or even lacking.

To confront those problems and to fulfill the needs of CBOs, business services are in great demand. Not only government agencies but other agencies in other sectors need to be involved to provide business development services for CBOs, such as volunteer groups, NGOs, business firms and etc.

1) Training

Data from the survey and from the three cases showed that many agencies place more emphasis on training in production techniques rather than other necessary business skills. In addition, very often training is a top-down operation, assuming the trainers know exactly what the trainees need to know. Consequently, training may be seldom effective for CBO development, for example, the training, which greatly emphasizes abstract ideas such as philosophy and the goals of cooperation or focusing on production only.

Minimum training requires the CBO to improve four important skills for business management. At the most basic level, training focuses on vocational specific skills, such as making banana chips, weaving baskets or formulating shampoo in a case of Huasamrong or modern technique of raising swine in a case of Nongwah or producing rubber sheet in a case of Maireang. On the second level, training focuses on basic business administrative skills. It includes internal business management/operations skills, such as financial management, bookkeeping, product costing, profit/cash flow analysis, etc. The more advanced training level is basic business analysis. While the second level focuses on internal business skills; the third level focuses on the external environment, which affects business operations, such as training in supply and demand, the 4 Ps principle of marketing (product, price, place

and promotion), market opportunities and the creation of product differentiation. The apex of training is value chain management. That is the ability of CBOs to carry out business activities along the value chain from production to final sale. It includes product development, supplies procurement, product production, distribution and marketing. Of three cases, there is a training course on business management for Maireang farmers and its networks which included both second and third level.

Additional training, which is more abstract, is needed for business activities. These skills are leadership development, teamwork and team building, and relationship development.

Good training is needed to be consistent with the training needs of the CBOs and have social equality between genders where women and men have equal participation opportunities.

To launch training programs more strategically and more effectively, the emphasis should shed light on how to increase the effectiveness of community business with a minimum of training and additional training.

2) Business Consulting Services

One of the most urgent tasks is providing business-consulting services. Many times, when community businesses are facing problems, even with well-intentioned efforts, the results tend to be less than satisfactory because these suggestions did not come from professional business consultants.

With their knowledge and experience in business, consultants perform an analysis of the CBO's operation and then provide suggestions on how to confront business difficulties and business development, utilizing such topics as pricing, profitability, product, package design, logistics, new product or business ideas, business strategies, etc. In other words, the consulting task is defined as "developing business intelligence" so that CBOs can achieve better management in business activities and providing individual businesses analyses and recommendations".

These consulting services must be conducted continually on a professional business basis. The tasks may be carried out directly by the business sector itself such as the Business Group for the Thai Society, or through other intermediaries, such as NGOs, government bodies or academic institute.

3) Provision of Business Information

Access to information is very important for business activities. It is the basis for most decisions taken by CBOs. Therefore, promoting and facilitating CBOs to access useful and accurate information on various topics is a priority.

The information includes availability of financial resources and support, networks and linkages, retailers and opportunities, trade shows, business development programs and services, community business success stories, competitive issues, import/export trade as well as general information about Thailand's economy and other relevant information that may help CBOs improve or enhance their business.

Access and provision of information may be created through a wide range of media, such as television and radio programs, newspapers, newsletters, verbal exchanges and more recently the internet or through the establishment of information centers for community business.

4) Financial Support

The most serious constraint found in the survey is "lack of capital" which could be solved directly through financial supports. However, unlike in regular business, results from the survey showed that only a few CBOs obtained financial support from commercial institutions. Most financial support provided CBOs, on the other hand came from government programs and other development agencies in the form of grants and loans. Due to limitations in resources, the importance aspects of financial support are efficiency, the right clientele, sustainability and avoiding duplication and dependency.

In order to avoid the duplication of financial support in one CBO and to ensure the effectiveness of using funds (here is no single business development agency which provide all services.) the establishment of a network among agencies for administering financial support is needed. This would be valuable in promoting greater coordination among both government and non-government agencies. Networking strategies could be implemented depending on the degree of ripeness of the situation, such as meetings, seminars, working groups, etc.

At its initial stage, financial support should aim to enhance business sustainability rather than create dependency. Funds should be specifically targeted for

those CBOs which are in need and which have a tendency to be more effective and efficient rather than distribute to all CBOs equally. The initial funds from support agencies would eventually result in the creation of self-reliance in resource mobilization or the ability to obtain funds from commercial financial institution like other businesses.

Other alternative financial sources are grassroots lending organizations, namely, saving groups or village banks which is demonstrated in a case of Maireang and a case of Huasamrong. This type of financial source implies a strong local capacity in supporting local business. Aside from that social mechanism within the community would assure successful repayment. The amount of loan and creditability would depend on honesty. At the same time, it would create networks and mutual help among grassroots organizations.

In addition, major constraints preventing CBOs from accessibility to commercial institutions results from the lack of collateral to assure the CBOs' return of payment. With collateral, the CBO thereafter could access financial sources. For example, in a case of Maireang, the villagers obtained loans from bank because they have owned rubber factory. Likewise, in a case of Nongwah, millions of Baht was loaned to the CBO because all assets belonging to the villagers and cosigning of the CP. Therefore, these commercial institutions could assist by lowering their threshold for lending. It may be done through various techniques, such as lowering interest rates or allowing flexible conditions and using non-collateral or guarantee schemes instead of the usual procedures.

Another issue to enhance financial accessibility is to provide information on the availability of financial support programs and agencies through the various media.

5) Marketing Services

There is need for relevant agencies to develop their marketing service programs. Lacking the ability for access to wider markets is another major constraint, which could be eased by providing market services. Marketing services include a wide range -- from providing market information, assistance from market appraisal studies, assistance in accessing new and larger markets as well as technical assistance in developing products and designs to be in line with market demands. For example,

Maireang farmers obtained lists of exporters from Department of Commerce, which resulted in larger product orders and higher level of profits.

Aside from direct services and based on the fact that most CBOs are small and low in productivity, facilitating CBOs through networking among themselves such as in Nakornsrihammaraj Rubber Network in a case of Maireang would assist in enabling them access to larger markets because wholesalers and exporters mostly deal with large orders in terms of quality controls, timely delivery of goods and the volume of products. In addition, networking could also assist members to reduce the costs of production because CBOs could have access to cheaper and better materials through the principle of economy of scale.

7.3.1.2 Leadership Development and Participation

Like other typical business entities, intellectual and competent leadership is crucial for dealing with the outside world. Focusing especially on training for leadership in business organization management would assist the CBO to achieve its effectiveness. In addition, training in leadership development could facilitate CBO development and build potential leaders such as training courses organized for Maireang Council of Leaders.

Another method to increase effectiveness is to spread leadership responsibilities more broadly. The case of the Maireang Council of Leaders demonstrated already that effectiveness resulted from dispersing rather than concentrating responsibilities. However, most people are reluctant to accept the leadership position because these demand so much time and they need to spend their time for their family's survival rather than contributing to group activities. Then the solution is to create a committee – a set of people responsible for one group of activities.

In addition, holding regular meetings is another method suggested to ensure participation. Regular meetings are an essential element of the CBO development strategy. To assure success, training is needed on how to conduct meetings and meeting techniques.

7.3.1.3 Formulation of Rules and Regulations

One way to assist the CBOs, which are having difficulties in operating, may be to encourage them to develop their rules. The CBO may need some form of regulation used as a standard for operating with either written or unwritten rules. In the three cases, all CBOs developed written rules for their operations which would facilitate CBO management and member compliance. However, providing guidelines or models must be conducted carefully. Since anything emanating from outside the agency, particularly from the government, may be taken as mandatory, which might not be appropriate for local conditions.

7.3.2 Avoiding Subordination and Building Commitment

The measures used to avoid or minimize domination of the CBO by government officials; local leaders or other initiators are as follows:

7.3.2.1 Internal Resource Mobilization

Internal resource mobilization will increase the degree of local people's participation. As seen in a case of Maireang, the villagers mobilized the seed capital among themselves. Then, the villagers regarded the CBO as "theirs" and they have voluntarily participated in the business activities resulting in the decreasing of the degree of dependency from the outside sources.

Identifying both local needs and local resources by assisting people to match what they will suggest with what they are most willing and able to support is also necessary for internal resource mobilization. For example, in the Maireang case, the CBO has utilized its own resources with an initial agreement among members on the amount of resources and the villagers' needs. Due to limitations in resource, the farmers group came up with the idea to downsize the factory from a regular scale to its operation level.

However, efforts to mobilize resources internally will be conditioned by how effective the CBO is. People are more likely to contribute to activities that demonstrate some payoff.

7.3.2.2 Creating Mutual Linkages

We have noted many times when government initiative and intervention could be negative to the effectiveness of community business. However, the study attempts to clarify the methods by which government linkage could be positive and even needed. In the case of Mairang, the CBO was started by local initiatives, but part of their success hinged on assistance from government agencies and NGOs, which provided technical advice, helped in processing loans and studied their business contracts.

Government assistance is necessary, but it could be counter productive if it is given unwisely. This is very important since there is temptation to view CBOs as a blueprint assuming that they will yield predictable outputs from a given set of inputs. This metaphor is misleading since CBOs resemble organic rather than mechanical entities. We would underscore the importance of problem solving experiences, which can be improved by more participative procedures for decisions.

Creating and sustaining effective community business therefore involves a careful balancing of efforts between internal and external stakeholders. The study found that the essential conditions are internal leadership and membership participation, which can be reinforced by careful suggestions, supervision and material support from the outsiders.

Group solidarity and commitment are necessary for effectiveness. Commitment could be created through resource mobilization from the members in order to build a feeling of ownership. In addition, member participation is crucial for creating a sense of belonging. Participation could be built through division of responsibility, which at the same time could alleviate the tendency to oligarchy by the outsiders and local leaders.

The encroachment of the market economy plus attempts of the government in the process of national development can already destroy traditional relationships. Modern kinds of relationship destroyed work cooperation among villagers in the same or nearby community. However, through reconstructing of traditional values, group solidarity could be facilitated, rebuilt and reproduced. Two major themes of social capital emerged from the three case studies that entail the strength of community business are traditional institution such as the roles of temples

and Buddhist Monks as seen from a case of Huasamrong and traditional social relations such as share rang ngan in a case of Maireang and long khack in a case of Huasamrong.

Uses of cultural strategies such as the candle ceremony on Buddhist Lent day in a case of Huasamrong and giving annual donations (*Papha and Kathin*) could reproduce the ideology in community attachment and revitalize those Thai values of mutual help and reciprocity. Donations through making merit on these special rituals would create an opportunity for reciprocal relationship among villagers in providing synergistic multiplication of the local resources – food, time and money (Van Esterik, 1996: 17). That means that after being helped by other villagers during the rituals, the villagers who hosted the first ritual must in return help the others for the next time.

In addition, networking among grassroots organizations themselves could create opportunities for villagers to exchange experiences and knowledge in community business as well as to build partnerships for business activities, which is another crucial instrument for strengthening local organizations. For example in a case of Maireang, YaMaNa network among rubber farmers, fruit gardeners and rice farmers finally resulted in the establishment of Food Processing Network Company Ltd. with registered capital funds of five million Baht.

7.3.2.3 Consciousness Raising

More often the problem appears that most villagers are lacking confidence in collective efforts. The villagers do not believe that their attempts could result in the betterment of their livelihood. To solve this problem, one other related strategy to build confidence among villagers is consciousness raising which could be implemented through many strategies such as cultural strategies, dialogue and etc. For example, in a case of Huasamrong, efforts to reconstruct ancient temples and the study of local wisdom by local villagers which was later published and distributed around the country created the villagers' feeling of pride. Also, discussions initiated by the outside agencies could build mutual confidence among the group members by assisting them to analyze problems, to identify obstacles and strategies to overcome these obstacles, as seen in a case of Maireang, when the Village Foundation came to

the community and organized the forums among Maireang villagers and its networks. All assistance should be implemented with a view to overcome the fear or pessimism that inhibits group efforts among discouraged people.

7.3.3 Confronting Malpractices

Among the failings of CBOs that most often undermines group solidarity are malpractices – misuse of funds, nepotism or favoritism in allocating benefits. These symptoms could be destructive to the functioning and longevity of CBOs. Some of the remedies proposed to reduce malpractices are:

7.3.3.1 Social Control

Traditional relations in local community, particularly personal relations through kinship, or in a neighborhood, where members are well known, incur an increasing degree of group responsibility, enforced by social control. This social pressure works on an individual to meet the group's obligations because those who would suffer by his/her misconduct are close relatives or neighbors. As evidence in Huasamrong when the villagers mentioned that it is next to impossible to betray those who go the same temple because the neighbors are living around their families. Being gossips about malpractices and deviance behavior would be penalty which affect their families' livelihood. To create or to revitalize a mechanism of social control is therefore to assure the prevention of malpractices.

7.3.3.2 Participation and Division of Responsibility

The principle of participation and division of responsibility, delegating authority to numerous members, can offset the tendency to oligarchy and at the same time serve as a check against malpractices. If a committee handles financial matters, irregularities are hard to cover up.

7.3.3.3 Simplification of Procedures

Simplification of procedures is likely to help control malpractices, since more members are most likely to be able to understand the financial matters of the CBOs. Complicated provisions may give government auditors more control over accounts but will forfeit the assistance of members who, if they understand the

financial issues, can be more effective than outside auditors in checking on misbehavior.

7.3.3.4 Transparency

Control of malpractice can be directed through transparency practices. It is important to keep all members informed on the CBO's financial status. Since all members know the details of group finance, they are under more pressure to handle funds honestly. This is related to many methods of open information, where all expenditures, income, receipts and accounts are routinely published, posted and made available to everyone such as through regular open meetings. These practices provide opportunities for exposing malpractices and for controlling misbehavior. In addition, training in basic book keeping enables members to systemize and understand financial matters.

7.3.3.5 External Audits

A specific measure for controlling financial and other misconduct within CBOs is government auditing. Government audits could create accountability and complement accountability downward to members such as in a case of Farmers Group in Maireang which the group has to be audited by Ministry of Agriculture and declared to members every year. The CBOs would benefit from accounting and auditing services by government agencies. If supervision were undertaken carefully and consistently, it could make a significant change in CBO performance. However, government intervention could also create an opposite effect if it were done in a heavy-handed manner.

In addition, the government attitude towards malpractice is an important. High standard of conduct to be maintained by government officials, setting a positive example and taking quick action to punish offenders would encourage CBO members to expect and demand proper behavior. Nothing is likely to discourage them as the feeling that government will do nothing about their complaints, even if they brought evidence showing how they might be victimized locally unless protected by government officials.

7.3.4 Creating Enabling Environment

Legal and regulatory environments are crucial for CBO operations. Data obtained from the three cases – rubber policy in a case of Maireang, promoting cultural council in a case of Huasamrong, swine control and pricing policy in a case of Nongwah-- revealed that government policy is the most apparent factor for creating the greatest impact to the operation of community business.

The government performs two broad functions through its policies and regulations. First, it promotes roles. During our current period under the strengthening of local organization policies, a number of government agencies have carried out a variety of programs on financial and technical support. Through a policy framework to encourage CBOs, over millions of Baht from the government budget have been channeled to the community directly.

Many CBOs have fewer capable personnel, lack internal resources to mobilize in times of crisis or needs. In addition, they are less flexible in dealing with market changes and more easily influenced by external pressures. Therefore, aside from promoting roles, there is a need to recognize the weaker positions of CBOs. The second is the function of the legal and regulatory environment used to protect community business activities. CBOs need to be protected at some degree to ensure their competitive ability among other businesses.

7.4 Potentials and Prospects

7.4.1 Alternative Development

Thailand perhaps benefited from the economic crisis of 1997 because the situation reminded the development planners and practitioners, economists, and other scholars to reconsider previous strategies for development. In such a situation, community business became seen as an alternative for development. The Thai government, NGOs, and academicians have realized its potentials and greater prospects for a new way to develop that will result in sustainability.

Community business has a high potential for application in the country. The reason is that the country is composed of a large rural majority which forms a strong grass-roots society. The potential for community business is that it can lead to

building a strong community, which in turn will lead to a strong society . Therefore, the community business concept has a great potential to develop the country and to provide the means to build an even stronger grass-roots community .

Apart from state and market institutions, community business is seen as part of the third sector. The bureaucracy has , at many times, proven itself ineffective and local communities have inevitably accepted the invasion of capitalism. However, instead of allowing itself to be exploited by the capitalists, instead of remaining vulnerable and becoming marginalized by public services, without any hope or destiny, community business shows the way for a local communities to adapt and adjust themselves for survival in the capitalist mode of production. In this way, they can take advantages and compete. (Narong, 1998a: 7).

Through community business, local communities can hold the key to their own destiny by organizing themselves for planning and action; defining their common problems and needs; making plans to meet these and solve their problems; executing these plans with a maximum reliance upon themselves rather than depending on external agencies. As stated by Eisenschitz & Gough (1993. Quoted in Carter and Parkinson: 4):

When community of active citizens band together, set their own agenda and embark on a course of common endeavor, they can begin to tackle the blight that hangs over their communities.

Likewise, community business encourages people to cooperate and work together through the networks of horizontal civic associations and associated norms of trust and reciprocity, which facilitate coordination and cooperation for mutual benefits. Then, people can overcome problems and limitations through their learning process. As stated by Fukuyama (1995. Quoted in Nares et al., 1998: 38)

Spontaneous sociability is critical to economic life because virtually all economic activity is carried out by groups rather than individuals. Before wealth can be created, human beings have to learn to work together, and if there is to be subsequent process, new forms of organizations have to be developed. While we typically associate economic growth with technological development, organizational innovation has played an

equal if not more important role since the beginning of the industrial revolution.

7.4.2 Practical Approach between the Dilemma of Myths and Reality

Since the economic crisis of 1997, the concept of civil society has attracted Thai scholars, government agencies as well as NGOs. The work of Putnam (1993. Quoted in Shuman, 1998: 35), *Making Democracy Work* which examined 20 regional governments in Italy and concluded that the highest levels of civic engagement were most successful at:

[C] reading innovative day care programs and job training centers, promoting investment and economic development, pioneering environmental standards and family clinics.

Among the best civic engagements were, for example, choral societies, Lion Clubs and soccer clubs. These social networks provided (1993. Quoted in Shuman, 1998: 35):

[O]rganized reciprocity and civic solidarity as well as a foundation for economic development...These communities did not become civic simply because they were rich. The historical record strongly suggests precisely the opposite. They have become rich because they were civic. The social capital embodied in norms and networks of civic engagement seems to be preconditions for economic development, as well as for effective government. Development economists take notes: Civic matter.

However, the author would like to make an argument for what Putnam and the other communitarians mentioned that civic trumps economic. Strong civil societies may create the foundation for a strong local economy as they did in northern Italy, but they cannot save a dying community. What can civic ties possibly accomplish if local residents have declining incomes and no jobs?

Civic ties are undoubtedly valuable for economic development. But without a viable economic base, even a strong civil society faces only three options: migration, rebellion or collapse. To focus only on political reform and social policy and civil

society while giving only minor priority to economic policy puts cause and effect backwards. Communitarians, like their conservative counterparts effectively distract attention from the real roots of the collapse of the community and from the real solution.

Communities cannot simply tinker with personal and civic morality and expect a dying local community to bounce back to life. While the advice of the economic growth paradigm is to at first sacrifice local community for the well being of the whole nation, for at last, the fruitful effect of the trade off.

Therefore, community business is an appropriate approach between myth and reality. It emphasizes the high importance of civic solidarity and survival during the era of capitalism. Through community business, local community can increase their degree of self-reliance on local resources, workers and capital. It is also essential for a community pursuing localism to ally itself with *simpatico* communities and movements around the country.

In addition, through community business, local communities have an alternative for securing prosperity than ideologues on the right or the left. Conservatives insist that communities align themselves with privately owned corporations, despite overwhelming evidence that the bottom lines bodes ill for workers, families, ecosystems and communities. While progressives remain romantic about state-controlled business, despite overwhelming evidence that such a mode of organization leads to bureaucracy, inefficiency and corruption. Community business on the other hand, holds out the possibility that the benefits of each sphere- the efficiency of the market and the social-mindedness can be realized without the liabilities of either.

7.4.3 Replicability

The community business concept, which has now been applied in many communities in Thailand, has bright prospects and high potential to strengthen civil society and the well being of the poor. However, when it comes to the issue of replicability, one might argue that findings from the study might not be able to be transferred to other CBOs at large. With high regards to the importance of local context and some specific conditions, some analysis and prescriptions might have a

limited power of explanation at some level. For example, it is not possible for Dr. Prawase Wasi to assist all CBOs around the country like he did for Huasamrong.

Therefore, to replicate the success story, one must apply those conditions in similar context. Since the universal of units of the study are CBOs in rural areas, some certain degree of commonalties could be found such as social relations, traditional values and being agriculturally oriented. In this context, a specific strategy such as Buddhist ritual can be effectively used for consciousness raising.

On the other hand in different contexts beyond the study, such as in the Muslim community, the principle of Buddhist rituals must be abandoned, but the explanation of kinship and group solidarity through other social activities is still viable.

Therefore, replication must be made wisely with careful consideration. It might be implemented through checklists of basic and enhanced conditions for community business operation discussed in Chapter 5. By using findings from the study, at least the practitioners could make a primary diagnosis and prescribe for the CBOs. With commitment of people, partners in development and adaptation of the concept to the specific contexts, community business will be a reliable tool to move for the betterment of the country and its citizens in the near future.

7.5 Recommendations for Further Studies

It might not be such an exaggeration to claim that this study is one of the pioneer studies on community business in Thailand. The study here places emphasis on the overall picture of CBOs in the Thai context. Therefore, many specific areas regarding CBOs still need to be probed and either through a qualitative or quantitative methodology. Some interesting issues are networking and linkages, business activities, and the effect of intervention. In addition, we need to develop a set of instruments depending on different contexts to measure the degree of the success of community business activities. In addition, other cases of CBOs in other kinds of businesses or in different regions of the country, or in different socio-cultural backgrounds should be explored in detail. Bodies of knowledge synthesized from the findings would contribute to understandings of the nature of community business in Thailand and be a further guide to appropriate practices.

APPENDICES

Table 6-1 Distribution of CBOs Classified by Regions

Region	Frequency	Percent (N=184)
Central	45	24.5
Northeast	57	31
North	43	23.4
South	39	21.2
Total	184	100

Table 6-2 CBOs Initiatives

Initiatives	Frequency	Percent (N=184)
Local initiatives	57	31
Government initiatives	110	59.8
NGOs initiatives	2	1.1
Shared initiatives	15	8.1
Total	184	100

Table 6-3 Lists of Agencies Initiated CBOs

Initiative Agencies	Frequency	Percent (N=125)	Percent (N=184)	Total
Agricultural Office	44	34.1	23.9	184
Community Development	59	45.7	32.1	184
Industrial Promotion Office	5	3.9	2.7	184
Adult Education	2	1.6	1.1	184
TAO	2	1.6	1.1	184
NGOs	4	3.1	2.2	184
Hospital	1	0.8	0.5	184
Export promotion	1	0.8	0.5	184
Bank of Agriculture	1	0.8	0.5	184
Representatives	1	0.8	0.5	184
Public Welfare	3	2.3	1.6	184
Royal Charity Project	1	0.8	0.5	184
District Office	3	2.3	1.6	184
Department of Internal Commerce	1	0.8	0.5	184
Office of Rubber Plantation Promotion	1	0.8	0.5	184
Total	125	100	100	184

Table 6-4 Size of the Surveyed CBOs

Size	Frequency	Percent (N=184)
Less than 20	24	13
21-50	75	40.8
51-100	36	19.6
101-500	46	25
More than 500	3	1.6
Total	184	100

Table 6-5 Age of the Surveyed CBOs

Age of CBOs	Frequency	Percent (N=184)
Less than 5 years	45	24.5
6-10 years	67	36.4
11-15 years	29	15.8
16-20 years	26	14.1
More than 20 years	17	9.2
Total	184	100

Table 6-6 The Existence of Structure of the Surveyed CBOs

Structure	Frequency	Percent (N=184)
Yes	180	97.8
No	4	2.2
Total	184	100

Table 6-7 The Existence of Internal Function of the Surveyed CBOs

Function	Frequency	Percent (N=184)
Yes, but no implementation	9	4.9
Yes, clear division of labor	152	82.6
No, but mutual help	22	12
No, but only leader	1	0.5
Total	184	100

Table 6-8 Gender of Leaders of the Surveyed CBOs

Gender	Frequency	Percent (N=184)
Male	39	21.2
Female	145	78.8
Total	184	100

Table 6-9 Age of Leaders of the Surveyed CBOs

Age of Leader	Frequency	Percent (N=184)
Less than 30 years	4	2.2
31-60 years	28	15.2
41-50 years	70	38
51-60 years	55	29.9
More than 60 years	27	14.7
Total	184	100

Table 6-10 Term of Current Leader of the Surveyed CBOs

Term of Current Leader	Frequency	Percent (N=184)
Less than 5 years	74	40.2
6-10 years	73	39.7
11-15 years	20	10.9
16-20 years	11	6
More than 20 years	6	3.3
Total	184	100

Table 6-11 Education Level of Leaders of the Surveyed CBOs

Education Level	Frequency	Percent (N=184)
No education	2	1.1
Bachelor	4	2.2
Vocational education	9	4.9
Secondary education	74	40.2
Primary education	95	51.6
Total	184	100

Table 6-12 The Existence of Rules and Regulations in the Surveyed CBOs

Rules and Regulations	Frequency	Percent (N=184)
No	2	1.1
Yes, Farmers Group Act	41	22.3
Yes, Self Regulation	92	50.0
No written rules	49	26.6
Total	184	100

Table 6-13 Meetings and Discussions

Meetings and Discussions	Frequency	Percent (N=184)
Yes	171	92.9
No	13	7.1
Total	184	100

Table 6-14 Type of Products of CBOs

Types of products	Frequency	Percent (N=286)	Percent (N=184)	Total
Clothes	53	18.5	28.8	184
Handicraft	82	28.7	44.5	184
Food processing product	120	41.9	65.2	184
Agricultural product	16	5.6	8.7	184
Consumer product	15	5.3	8.2	184
Total	286	100	100	184

Table 6-15 The Existence of Product Guarantee

Product Guarantee	Frequency	Percent (N=184)
Yes	105	57.7
No	77	42.3
Total	182	100

Table 6-16 Agencies Certified Product Quality

Agencies	Frequency	Percent (N=122)	Percent (N=184)	Total
Office of Agriculture	25	20.5	13.6	184
Department of Community Development	62	50.8	33.7	184
Department of Industrial Promotion	4	3.3	2.2	184
NGOs	1	0.8	0.5	184
Food and Drug Authority	25	20.5	13.6	184
Tourism Authority	1	0.8	0.5	184
Bank of Agriculture	1	0.8	0.5	184
Department of Fishery	1	0.8	0.5	184
TAO	1	0.8	0.5	184
Private agencies	1	0.8	0.5	184
Total	122	100		

Table 6-17 Skill Used for Production

Skills	Frequency	Percent (N=184)
Traditional skills	82	44.5
No traditional skills	47	25.5
Traditional skills and additional training	55	29.9
Total	184	100

Table 6-18 Agencies Provided Support for Training

Agencies	Frequency	Percent (N=119)	Percent (N=184)	Total
Office of Agriculture	39	32.8	21.2	184
Department of Community Development	35	29.4	19	184
Department of Industrial Promotion	17	14.3	9.2	184
Department of Adult Education	4	3.4	2.2	184
NGOs	5	4.2	2.7	184
Local Hospital	1	0.8	0.5	184
Department of Export Promotion	4	3.4	2.2	184
Department of Public Welfare	2	1.7	1.1	184
Technological College	1	0.8	0.5	184
Department of Skill Labor Development	3	2.5	1.6	184
Royal Initiative Project	3	2.5	1.6	184
Office of Rubber Plantation Promotion	1	0.8	0.5	184
Office of Provincial Administration	2	1.7	1.1	184
Bank of Agriculture	1	0.8	0.5	184
Members of House of Representatives	1	0.8	0.5	184
Total	119	100		

Table 6-19 Source of Materials

Source of Materials	Frequency	Percent (N=184)
Local materials	117	63.9
Imported materials	39	21.3
Local and imported materials	27	14.8
Total	183	100

Table 6-20 Materials Purchasers

Material Purchasers	Frequency	Percent (N=184)
Self purchasing of materials	161	88
Purchasing of materials by external agen	9	4.9
Combination 1&2	13	7.1
Total	183	100

Table 6-21 Belonging of Land

Belonging	Frequency	Percent (N=184)
Temples	16	8.1
TAO	10	5.5
Leaders	99	54.1
Group	18	9.8
State	22	12
Individual place	19	10.4
Total	183	100

Table 6-22 Expenses on Land

Expenses on Land	Frequency	Percent (N=184)
No rent	121	66.1
No rent but utilities	52	28.4
Rent	10	5.4
Total	183	100

Table 6-23 Endowment

Endowment	Frequency	Percent (N=184)
Have endowment	121	65.8
No endowment	63	34.2
Total	184	100

Table 6-24 Materials

Materials	Frequency	Percent (N=184)
Purchasing at group expense	107	58.5
Purchasing at members expense	76	41.5
Total	183	100

Table 6-25 Methods of Management

Methods of production and sales	Frequency	Percent (N=184)
1. Produce individually, sell collectively	74	39.1
2. Produce individually, sell to group	27	14.7
3. Produce collectively, sell collectively	74	40.2
4. Produce individually, sell individually	4	2.7
Combination of 1 and 2	4	2.2
No production	1	0.5
Total	184	100

Table 6-26 Channels of Distribution

Channel of Distribution	Frequency	Percent (N=371)	Percent (N=184)	Total
Wholesales	149	40.2	81	184
Retails	141	38	76.6	184
Mercantile agents	81	21.8	44	184
Total	371	100		

Table 6-27 Market Seekers

Market Accessibility	Frequency	Percent (N=308)	Percent (N=184)	Total
Members and committee	112	36.4	60.9	184
External agencies	72	23.4	39.1	184
Customers	124	40.3	67.4	184
Total	308	100		

Table 6-28 Agencies Seeking for Market

Agencies	Frequency	Percent (N=71)	Percent (N=184)	Total
Office of Agriculture	24	33.8	1.3	184
Department of Community Development	23	32.4	1.2	184
Department of Industrial promotion	9	12.7	4.9	184
NGOs	2	2.8	1.1	184
Department of Export Promotion	2	2.8	1.1	184
Department of Public Welfare	3	4.2	1.6	184
District Office	1	1.4	0.5	184
Tourism Authority of Thailand	2	2.8	1.1	184
Local Hospital	1	1.4	0.5	184
Department of Adult Education	2	2.8	1.1	184
Private agencies	1	1.4	0.5	184
Department of Internal Trade	1	1.4	0.5	184
Total	71	100		

Table 6-29 Resource Mobilization

Resource Mobilization	Frequency	Percent (N=380)	Percent (N=184)	Total
Members' shares	103	27.1	56	184
Borrowing from leader	34	8.9	18.5	184
Loans	123	32.4	66.8	184
Grants	120	31.6	65.2	184
Total	380	100		

Table 6-30 Financial Source

Financial Source	Frequency	Percent (N=247)	Percent (N=184)	Total
Office of Agriculture	44	17.8	23.9	184
Department of Community Developmen	58	23.5	31.5	184
Department of Industrial Promotion	9	3.6	4.9	184
TAO	28	11.3	15.2	184
Government Saving Bank	15	6.1	8.2	184
Social Investment Funds	15	6.1	8.2	184
NGOs	14	5.7	7.6	184
Bank of Agriculture	4	1.6	2.2	184
Members of House of Representatives	11	4.5	6	184
Department of Public Welfare	13	5.3	7.1	184
Saving Group	9	3.6	4.9	184
International organizations	3	1.2	1.6	184
Royal Initiative Project	3	1.2	1.6	184
Commercial bank	1	0.4	0.5	184
Department of Adult Education	2	0.8	1.1	184
Academic Institution	1	0.4	0.5	184
Provincial Administration Office	1	0.4	0.5	184
Department of Export Promotion	1	0.4	0.5	184
District Office	3	1.2	1.6	184
Miyazawa	5	2	2.7	184
Department of Skill Development	1	0.4	0.5	184
Ministry of Public Health	2	0.8	1.1	184
Office of Cultural Commission	1	0.4	0.5	184
Office of Accelerated Rural Developmei	1	0.4	0.5	184
Department of Internal Commerce	1	0.4	0.5	184
Department of Forestry	1	0.4	0.5	184
Total	247	100		

Table 6-31 Job Creation from the Surveyed CBOs

Employment	Frequency	Percent (N=184)
No employment	94	51.1
Employment within group	73	39.7
Employment within and beyond group	17	9.2
Total	184	100

Table 6-32 Returns of Benefits

Returns of Benefits	Frequency	Percent (N=243)	Percent (N=184)	Total
Profit sharing	115	47.3	62.5	184
Purchasing products from members	74	30.5	40.2	184
Wage from piecemeal work	54	22.2	29.3	184
Total	243	100		

Table 6-33 Profit sharing

Profit sharing	Frequency	Percent (N=327)	Percent (N=184)	Total
Sharing	115	35.2	62.5	184
Investment	107	32.7	58.2	184
Member welfare	32	9.8	17.4	184
Community welfare	61	18.7	33.2	184
No profit/ profit saving	12	3.7	6.5	184
Total	327	100		

Table 6-34 Learning Experience

Learning Experience	Frequency	Percent (N=633)	Percent (N=184)	Total
No training	7	1.1	3.8	184
Accounting training	94	14.8	51.1	184
Production training	133	21	72.3	184
Marketing training	113	17.9	61.4	184
Attaining seminar	144	22.7	78.3	184
Visiting other grass root organizations	142	22.4	77.2	184
Total	633	100		

Table 6-35 Trading with Other Local Organizations

Trading	Frequency	Percent (N=184)
Yes	89	65.9
No	46	34.1
Total	135	100

Table 6-36 Problems and Needs of the CBOs

Problems	Frequency	Percent (N=287)	Percent (N=184)
Production management	<u>97</u>	<u>33.8</u>	<u>52.7</u>
Lack of storage	15	5.23	8.2
Lack of equipments	17	5.92	9.2
Lack of production skill	3	1.05	1.6
Slow production process and delayed de	5	1.74	2.7
Unforecasted ability on volume of produ	3	1.05	1.6
Shortage of materials	7	2.44	3.8
Non-standardized storage	2	0.7	1.1
Lack of product development	11	3.83	6
No product guarantee	2	0.7	1.1
High costs of materials	16	5.57	8.7
Natural conditions	6	2.09	3.3
Shortage of skill labor	6	2.09	3.3
High costs of production	4	1.39	2.2
Marketing	<u>83</u>	<u>28.92</u>	<u>45.1</u>
Transportation	8	2.79	4.3
Lack of market accessibility	55	19.16	29.9
Low prices of products	5	1.74	2.7
Too many of similar products in market	6	2.09	3.3
No marketing skill	6	2.09	3.3
Lose to alternative products	2	0.7	1.1
No product advertisement	3	1.05	1.6
Being cheated on payment	1	0.35	0.5
Lack of English Communication skill	1	0.35	0.5
Monopoly	4	1.39	2.2
Financial management	<u>66</u>	<u>23</u>	<u>35.9</u>
Shortage of revolving funds	61	21.25	33.2
Debts	2	0.7	1.1
Tax	1	0.35	0.5
Accounting skills	2	0.7	1.1
Human resources	<u>33</u>	<u>11.5</u>	<u>17.9</u>
Not understand goals and objectives of t	6	2.09	3.3
No time for group activities	9	3.14	4.9
Selfish	5	1.74	2.7
Lack of discipline	6	2.09	3.3
Lack of attention	3	1.05	1.6
Lack of knowledge	2	0.7	1.1
High mobility	2	0.7	1.1
External support	<u>11</u>	<u>3.83</u>	<u>6</u>
Lack of continuity of support	11	3.83	6
Total	287	100	

Appendix-C

ศูนย์สาธารณประโยชน์และประชาสังคม
สถาบันบัณฑิตพัฒนบริหารศาสตร์ ถนนเสรีไทย
คลองจั่น บางกะปิ กรุงเทพฯ 10240

9 กุมภาพันธ์ 2544

เรื่อง ขอความอนุเคราะห์ตอบแบบสำรวจ
เรียน ประธานกลุ่มธุรกิจชุมชน ที่นับถือ

ด้วย ดิฉัน นางสาวกนกกาญจน์ อนุแก่นทราย กำลังดำเนินการศึกษา เรื่อง “การวิเคราะห์และสังเคราะห์
ธุรกิจชุมชนในประเทศไทย” อันเป็นส่วนหนึ่งของวิทยานิพนธ์ระดับปริญญาเอก คณะรัฐประศาสนศาสตร์ สถาบัน
บัณฑิตพัฒนบริหารศาสตร์ ภายใต้การกำกับดูแลของคณะที่ปรึกษาต่อไปนี้

- 1) รองศาสตราจารย์ ดร. จุรี วิจิตรวาทการ ผู้อำนวยการศูนย์สาธารณประโยชน์และประชาสังคม
- 2) คุณไพโรจน์ สุจินดา อดีตรองเลขาธิการสำนักงานคณะกรรมการเศรษฐกิจและสังคมแห่งชาติ และ
- 3) รองศาสตราจารย์ ดร.นิสสารก์ เวชยานนท์ รองคณบดีคณะรัฐประศาสนศาสตร์

ดิฉันมีความตั้งใจอย่างมุ่งมั่นในการศึกษาครั้งนี้ เพื่อเป็นประโยชน์ทั้งทางวิชาการและการสำเร็จการ
ศึกษา และประการสำคัญเพื่อเป็นประโยชน์ในการจัดทำเสนอแนะให้กับหน่วยงานที่เกี่ยวข้องเพื่อดำเนินการ
สนับสนุนการดำเนินงานของกลุ่ม/องค์กรธุรกิจชุมชนได้เหมาะสมและสอดคล้องกับสภาพความต้องการและสภาพ
ปัญหาที่เป็นจริง อีกทั้ง ข้อมูลจากท่านจะได้นำมาจัดทำเป็นทำเนียบองค์กรธุรกิจชุมชนเพื่อเผยแพร่ต่อไป

ในการนี้ ในฐานะที่ท่านเป็นผู้รู้และมีประสบการณ์โดยตรงเกี่ยวกับการดำเนินการด้านธุรกิจชุมชน ดิฉันจึง
ใคร่ขอความกรุณาจากท่านในการตอบแบบสำรวจที่แนบมาพร้อมนี้ และส่งกลับโดยใช้ซองที่ได้จำหน่ายและปิด
แสตมป์ดังที่ได้แนบมาพร้อมเช่นกัน ทั้งนี้ขอความกรุณาส่งกลับภายในเดือนกุมภาพันธ์ 2544 นี้

การตอบแบบสำรวจและการส่งกลับของท่านมีความหมายและความสำคัญอย่างมากต่อดิฉัน และดิฉันมี
ความหวังเป็นอย่างยิ่งว่าจะได้รับความกรุณาจากท่าน และขอกราบขอบพระคุณในความอนุเคราะห์ของท่าน มา ณ
ที่นี้

ขอแสดงความนับถือ

(นางสาวกนกกาญจน์ อนุแก่นทราย)

นักศึกษาปริญญาเอก โครงการปริญญาเอกนานาชาติ
คณะรัฐประศาสนศาสตร์ สถาบันบัณฑิตพัฒนบริหารศาสตร์

ติดต่อ ศูนย์สาธารณประโยชน์และประชาสังคม สถาบันบัณฑิตพัฒนบริหารศาสตร์

โทร. 377-7206 และ 377-7400-19 ต่อ 2640, 2641 โทรสาร 374-7399 หรือ โทรศัพท์มือถือ 01-807-3313

Appendix B-1

แบบสำรวจ

โครงการศึกษา เรื่อง “ธุรกิจชุมชนในประเทศไทย”

คณะรัฐประศาสนศาสตร์ สถาบันบัณฑิตพัฒนบริหารศาสตร์ (นิด้า)

คำอธิบาย ขอความกรุณาตอบคำถามต่อไปนี้ ด้วยการเลือกคำตอบด้วยการกาเครื่องหมาย **X** ในกล่อง
☐ ที่ตรงกับความเห็นของท่าน และโปรดเติมคำในช่องว่าง..... (คำถามมีทั้งหมด 6 หน้า)

ตอนที่ 1 ข้อมูลทั่วไป

1. ชื่อกลุ่ม.....
2. สถานที่ติดต่อ/ที่อยู่.....
3. เบอร์โทรศัพท์.....
4. ชื่อประธานกลุ่ม (นาย/นาง/นางสาว)
 - 4.1 อายุ ปี
 - 4.2 การศึกษาสูงสุดระดับ.....
 - 4.3 เป็นประธานมานาน.....ปี
5. กลุ่มของท่านเกิดขึ้นเมื่อ ปี พ.ศ
6. ใครหรือหน่วยงานใดเป็นผู้สนับสนุนและริเริ่มให้จัดตั้งกลุ่ม
 - ☐ เริ่มต้นด้วยตนเอง โดยผู้นำชาวบ้านในชุมชน คือ.....
 - ☐ เริ่มโดยหน่วยงานราชการ คือ.....
 - ☐ เริ่มโดยหน่วยงานเอกชน คือ.....
7. เมื่อเริ่มก่อตั้ง กลุ่มของท่านมีสมาชิกจำนวน.....คน
8. ปัจจุบัน กลุ่มของท่านมีสมาชิกจำนวน.....คน
9. ปัจจุบันกลุ่มของท่านมีกรรมการหรือไม่
 - ☐ ไม่มีกรรมการกลุ่ม
 - ☐ มีกรรมการจำนวน.....คน แบ่งเป็น ชาย.....คน และหญิง.....คน

Appendix B-2

10. กลุ่มของท่านมีการกำหนดระเบียบ และกฎกติกาของกลุ่มหรือไม่

- ☐ ไม่มี
- ☐ มี ใช้กฎระเบียบของกลุ่มเกษตรกร
- ☐ มี ใช้กฎระเบียบที่บังคับใช้โดย (โปรดระบุ).....
- ☐ มี ช่วยกันเขียนกฎระเบียบบังคับใช้กันเอง
- ☐ มี เข้าใจกันเองแต่ไม่มีการเขียน

11. กลุ่มของท่านมีการแบ่งหน้าที่กันรับผิดชอบทำงาน เช่น ใครเป็นคนผลิต ใครเป็นคนขาย ใครเป็นคนทำบัญชี หรือไม่

- ☐ มี แต่ไม่ทำ
- ☐ มี และแบ่งหน้าที่ชัดเจน
- ☐ ไม่มี ช่วยกันทำ
- ☐ ไม่มี ผู้นำทำคนเดียว

12. กลุ่มของท่านมีการแบ่งโครงสร้างทำงาน เช่น ใครเป็นประธาน กรรมการ เลขานุการ หรือไม่

- ☐ มี
- ☐ ไม่มี

13. กรรมการกลุ่มของท่านมีการประชุม แลกเปลี่ยนความคิดเห็น หรือพูดคุย เพื่อปรึกษาหารือ และตัดสินใจในการผลิต การตลาด และการจัดการต่างๆหรือไม่

- ☐ มี จำนวน.....ครั้งต่อ..... (โปรดระบุต่อเดือนหรือต่อปีให้ชัดเจน)
- ☐ ไม่มีเลย ให้ผู้นำรับผิดชอบตัดสินใจ

ตอนที่ 2 การผลิต การลงทุน และการจำหน่ายสินค้า

1. ปัจจุบันกลุ่มของท่านได้ผลิตและจำหน่ายสินค้าอะไรบ้าง

1.
2.
3.

Appendix B-3

2. กลุ่มได้รับการรับรองมาตรฐานการผลิตสินค้าหรือไม่ ถ้าได้ ได้จากหน่วยงานใด (เช่น อย.แม่ข่ายนางรำ กรมพัฒนาชุมชน เป็นต้น)

☐ ได้ จาก.....

☐ ไม่ได้

3. ในการผลิตสินค้า ทางกลุ่มมีพื้นฐานหรือทักษะในการผลิตสินค้านี้มากก่อนหรือไม่

☐ ทำเป็นอยู่แล้ว

☐ ทำไม่เป็น มีหน่วยงานเข้ามาสอน/ฝึกอบรม คือ

..... (ตัวอย่าง เช่น เกษตร พัฒนาชุมชน มูลนิธิ)

☐ อื่นๆ (โปรดระบุ).....

4. ปัจจุบันกลุ่มของท่านมีวิธีการดำเนินการในการผลิตและจำหน่ายสินค้าแบบใด

☐ สมาชิกแยกกันผลิต แล้วรวมกันเข้ากลุ่มเพื่อขาย และหักเปอร์เซ็นต์กำไรเข้ากลุ่ม

☐ สมาชิกแยกกันผลิต แล้วขายให้กับกลุ่ม แล้วกลุ่มเอาไปขายต่อ

☐ สมาชิกช่วยกันผลิต ช่วยกันทำ ช่วยกันขาย แบ่งกำไรด้วยกัน

☐ อื่นๆ (โปรดระบุ)

5. กลุ่มใช้แหล่งทุนจากที่ใดเพื่อประกอบธุรกิจ

☐ รวบรวมหุ้นจากสมาชิก

☐ ผู้นำกลุ่มออกให้ก่อน

☐ ได้รับเงินกู้จากหน่วยงาน/ธนาคาร/กลุ่มออมทรัพย์/บุคคล (โปรดระบุ) ได้แก่

1. จำนวน.....บาท

2. จำนวน.....บาท

3. จำนวน.....บาท

☐ ได้รับเงินสนับสนุนแบบให้เปล่าจากหน่วยงาน/องค์กรชุมชน (โปรดระบุ) ได้แก่

1. จำนวน.....บาท

2. จำนวน.....บาท

3. จำนวน.....บาท

Appendix B-4

6. กลุ่มของท่านใช้สถานที่ของใครเพื่อใช้ในการดำเนินการของกลุ่ม

- ☐ ใช้ที่วัด
- ☐ ใช้ที่อบต.
- ☐ ใช้ที่บ้าน/ที่ดินของ.....
- ☐ กลุ่มซื้อที่และเป็นเจ้าของร่วมกัน

7. กลุ่มของท่านต้องเสียค่าใช้จ่ายในการใช้สถานที่หรือไม่

- ☐ ไม่มีค่าเช่า/ค่าบำรุงสถานที่ ใช้สถานที่ของ.....
- ☐ ไม่มีค่าเช่า/ค่าบำรุงสถานที่ แต่ช่วยค่าน้ำค่าไฟเดือนละ.....บาท
- ☐ มีค่าเช่า/ค่าบำรุงสถานที่ เดือนละ.....บาท

8. กลุ่มของท่านมีทรัพย์สินที่กลุ่มเป็นเจ้าของร่วมกันหรือไม่ (เช่น ที่ดิน อาคาร โรงเรือน อุปกรณ์ต่างๆ จักร ตู้อบ)

- ☐ มี (โปรดระบุ) ได้แก่.....
- ☐ ไม่มี

9. กลุ่มของท่านมีการจัดการเพื่อซื้อวัตถุดิบแบบใด

- ☐ รวมกันรับผิดชอบโดยเป็นค่าใช้จ่ายของกลุ่ม
- ☐ สมาชิกรับผิดชอบจ่ายค่าวัตถุดิบของตนเองแล้วแต่จะต้องการผลิตได้จำนวนเท่าไร
- ☐ อื่นๆ (โปรดระบุ)

10. กลุ่มของท่านต้องหาวัตถุดิบจากที่ใด

- ☐ ซื้อจากในท้องถิ่น (ในตำบล, ในอำเภอ, ในจังหวัดเดียวกัน)
- ☐ ซื้อจากที่อื่น (นอกเขตจังหวัด)
- ☐ อื่นๆ (โปรดระบุ)

11. ใครเป็นผู้ติดต่อจัดซื้อและจัดหาวัตถุดิบให้กับกลุ่ม

- ☐ กลุ่มติดต่อเอง
- ☐ หน่วยงานช่วยเหลือติดต่อให้ คือ
.....(เช่น เกษตร พัฒนาชุมชน มูลนิธิ)
- ☐ อื่นๆ (โปรดระบุ)

Appendix B-5

12. ปัจจุบันกลุ่มมีช่องทางหรือวิธีการในการจัดจำหน่ายสินค้าอย่างไร

- ☐ ขายส่ง โดยมีคนมารับซื้อถึงที่
- ☐ ขายปลีก ที่.....
- ☐ ฝากขาย ที่.....
- ☐ อื่นๆ (โปรดระบุ)

13. กลุ่มมีวิธีการหาลูกค้าหรือหาตลาดเพื่อขายอย่างไร

- ☐ กรรมการหรือสมาชิกช่วยกันหา
- ☐ หน่วยงานหาลูกค้า/ตลาดมาให้ (โปรดระบุว่าเป็นหน่วยงานใด).....
- ☐ ลูกค้ามาถึงกลุ่มด้วยตนเอง

14. ในแต่ละเดือน กลุ่มมียอดจำหน่ายสินค้าดังนี้

1.		จำนวน.....	ชิ้น
2.		จำนวน.....	ชิ้น
3.		จำนวน.....	ชิ้น

15. ในการดำเนินงานของกลุ่ม ต้องมีการจ้างงานหรือไม่ ถ้ามีคิดเป็นค่าจ้างเท่าใด

- ☐ ไม่มีการจ้าง
- ☐ มี ต้องจ่ายค่าตอบแทน ให้สมาชิก/กรรมการ ในเรื่องต่อไปนี้ (เช่น ค่าแรง เงินเดือน)

1.		จำนวน.....	บาท
2.		จำนวน.....	บาท
3.		จำนวน.....	บาท

- ☐ มี ต้องจ้างคนที่ไม่ใช่สมาชิกในเรื่องต่อไปนี้ (เช่น ค่าแรง เงินเดือน)

1.		จำนวน.....	บาท
2.		จำนวน.....	บาท
3.		จำนวน.....	บาท

Appendix B-6

ตอนที่ 3 ผลการประกอบธุรกิจชุมชน (รายได้/ผลกำไร)

1. กลุ่มของท่านมีการจัดการผลตอบแทนกันอย่างไร

☐ ปันผลกำไรให้สมาชิกทุก.....เดือน

☐ รับซื้อจากสมาชิกและจ่ายค่าสินค้าทุก.....เดือน

2. กลุ่มมีรายได้จากธุรกิจประมาณ.....บาท(โปรดระบุให้ชัดเจนว่าต่อเดือนหรือต่อปี)

3. กลุ่มมีเงินทุนหมุนเวียนประมาณ.....บาท (โปรดระบุให้ชัดเจนว่าต่อเดือนหรือต่อปี)

4. หลังจากหักค่าใช้จ่ายแล้ว กลุ่มมีผลกำไรหรือไม่(โปรดระบุให้ชัดเจนว่าต่อเดือนหรือต่อปี)

☐ มีกำไร.....บาท

☐ ขาดทุนจำนวน.....บาท

☐ เท่าทุน

5. กลุ่มมีการจัดการผลกำไรดังกล่าวอย่างไร

☐ แบ่งให้สมาชิกจำนวน.....บาท

☐ นำมาลงทุนต่อ

☐ จัดสรรเป็นสวัสดิการให้กับสมาชิก เช่น ค่ารักษาพยาบาล

☐ จัดสรรเป็นสวัสดิการสำหรับชุมชนในนามของกลุ่ม เช่น เงินช่วยงานฌาปนกิจ งานบวช
อุบัติเหตุ

☐ อื่นๆ (โปรดระบุ)

6. กลุ่มมีการจัดทำบัญชีรายรับ-รายจ่ายหรือไม่

☐ มี และจัดทำบัญชีเป็นหลักฐานอย่างเป็นระบบระเบียบ

☐ มี แต่จัดทำอย่างง่าย ๆ จดว่าซื้ออะไร ขายอะไร จำนวนเท่าไร

☐ ไม่มี แต่ใช้วิธีจำ และบอกต่อด้วยปากเปล่า

☐ ไม่มีเลย

Appendix B-7

ตอนที่ 4 เครือข่ายการแลกเปลี่ยน-เรียนรู้

1. กรรมการหรือสมาชิกของกลุ่มเคยเข้ารับการอบรม-สัมมนา-ดูงานในเรื่องต่อไปนี้หรือไม่

- ☐ ไม่เคยเลย
- ☐ เคย อบรมด้านบัญชี
- ☐ เคย อบรมด้านการผลิตสินค้า
- ☐ เคย อบรมด้านการตลาด
- ☐ เคย สัมมนาร่วมกับกลุ่ม/องค์กรชุมชนอื่นๆ
- ☐ เคย ดูงานกลุ่มกลุ่ม/องค์กรชุมชนอื่นๆ
- ☐ อื่นๆ (โปรดระบุ).....

2. กลุ่มมีการประสานงาน แลกเปลี่ยนความรู้และประสบการณ์ หรือซื้อขายกับกลุ่มอื่นๆหรือองค์กรชุมชนอื่นๆหรือเครือข่ายอื่นหรือไม่

- ☐ มี (ระบุชื่อกลุ่ม) ได้แก่

- 1 จำนวน.....บาท
- 2 จำนวน.....บาท
- 3 จำนวน.....บาท

- ☐ ไม่มีเลย ทำตามลำพัง

ตอนที่ 5 ปัญหา-อุปสรรคของกลุ่ม

โปรดระบุปัญหา-อุปสรรคที่เกิดขึ้นกับกลุ่มของท่าน

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ขอขอบคุณอย่างยิ่งในความอนุเคราะห์ของท่าน

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