

Competitive Potential of Community Enterprises: A Case Study of Enterprises Accredited for Community Product Quality Certification in Bangkok

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ABSTRACT

Abstract— Community products have played an important role in traditional markets in Bangkok, Thailand. This research applied PRIMO-F analysis, PEST Analysis and SWOT analysis to analyze the strength, weakness, opportunity and threat, and develop guidelines options for competitiveness potential of Thai community product. This research aims to analyze internal and external factors of community enterprises among enterprises accredited for community product quality certification in Bangkok, Thailand, and to develop guidelines to develop the competitive potential for community enterprises. The research used mixed method both quantity and qualitative research approaches. Quantitative data was collected from 100 enterprise and qualitative data was in-depth interviews with 12 key informants. The statistics used were mean, standard Deviation and content analysis. The results of the research revealed that the internal environment should entail proactive strategies to increase distribution channels through online exposure, develop brand value through consumer recognition, and expand the market outside the community and globally through online media. The external environment should develop readiness to use digital technology and an efficient digital-based management system, apply new innovations to production and management, collaborate with educational institutions or government agencies, and promote government agency support of digital business operations. These findings can be utilized in the digital economy and society and be a model for further development of communities and countries.

Keywords: Competitive Potential, Community Enterprises, PEST analysis, PRIMO-F analysis

INTRODUCTION

At present, the government has given importance to economic development at the foundation level of the country, especially in the matter of creating jobs and generating income for the people to enhance the well-being and quality of life of the people. One of such policies is to support and continue the One Tambon One Product (OTOP) project that has been operating since 2003 up to the present. In addition, the government also has a community product plan which is part of the provincial well-being strategic plan that focuses on people and their families to be self-reliant and support activities according to community potential, as well as developing more knowledge and competence in management, production and marketing. The government's policy has set out to promote careers for community enterprises, local product groups in order to stimulate the economy and the needs of the people. This will make the economy in the community have to inherit and maintain the wisdom of the local identity to advance and spread (Office of Small and Medium Enterprises Promotion, 2020).

The “One Tambon One Product (OTOP)” project is an important policy of the government to enable each community to use local knowledge and wisdom to develop goods and services in order for the people to participate in building a strong foundation economy for self-reliance and sustainability. The project has been supported for knowledge, technology, capital, management and connection from the community to markets both domestically and internationally. There are 3 basic principles of the OTOP which are namely: Local get global, Self-Reliance-Creativity and Human resource development (Bureau for Promotion of Local Wisdom and Community Enterprise, 2020).

However, from past studies on problems of OTOP entrepreneurs, it can be concluded that there are many important problems of OTOP such as marketing problems with no development of packaging and limited distribution channels, production problems still lack of modern raw materials and tools as well as the products are not standardized. In addition, there is also the problem of lack of investment and good funding sources, lack of technology and workers skills, and enterprise networks is a lack of integration to develop substantial cooperation networks and lack of pragmatic government support. (Buakhao, 2019; Jearakul, 2018; Khanthichote & Rodyim, 2015).

To drive an organization through threats and opportunities towards its goals, it is necessary to analysis the environment, both internal and external factors that affect business capabilities. Including manufacturing, marketing, finance and service must be developed to achieve the goal of the lowest total cost and have competitive potential which direction to drive the organization with efficiency and effectiveness (Suwanmaneepong et al., 2018) As well as the entrepreneurs need to upgrade the province's OTOP products to meet quality and standards and be able to compete in both domestic and international markets.

Therefore, the researcher is interested in studying the competitive potential of community enterprises. The study was selected from a group of community enterprises in Bangkok that have been accredited for community product quality certification by the Thai Industrial Standards Institute. Including the research on local products in Bangkok is still small while the readiness to upgrade to small and medium-sized enterprises of enterprises in Bangkok are more than other provinces in terms of entrepreneurial potential, product quality and standards, and an environment that promotes readiness in the digital economy era. The results of the study will reveal strengths, weaknesses, opportunities and threats of community enterprises. Including ways to enhance competitiveness to meet the needs of the community that uses local wisdom to generate income and the research results can be linked to economic and social benefits and is a model for laying the foundation for further community and country development.

The objectives of this research were to analyze internal and external factors of local product community enterprises using PRIMO-F Analysis and PEST Analysis models, and to develop guidelines to enhance competitive potential of community enterprises in Bangkok.

LITERATURE & THEORY

SWOT Analysis

SWOT analysis is an extremely useful tool for strategic analysis and understanding an organization's current position in its business environment. SWOT analysis refers as a strategic planning method used to evaluate the strengths, weaknesses/limitations, opportunities, and threats involved in a business venture. It was used to identify the internal and external factors that are favorable and unfavorable to achieve that objective. Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization. The four elements of SWOT are Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T). Strengths and weaknesses are demonstrated by the internal factors such as personnel, resources, innovations and ideas, marketing, operations and finance. While opportunities and threats are presented by the external factors, such as political, economic, social and cultural, and technological (Brilhante & Skinner, 2015). The SWOT analysis is often used in academia to highlight and identify strengths, weaknesses, opportunities and threats. It is essential to conduct a SWOT analysis before proceeding to the formulation of a corporate strategy and particularly helpful in identifying areas for development (Aslan et al., 2012).

PRIMO-F Analysis

PRIMO-F Analysis is a model used to analyze the internal environment in order to understand and assess the strengths and weaknesses of the organization by assessing the various resources that the organization has. The organization's internal condition was analyzed based on 5 factors: People (People: P), Resources (R), Innovations and Ideas: I, Marketing (M), Operations (Operation: O) and Finance (Finance: F). PRIMO-F is a valuable strategic tool that allows a detailed analysis of business performance, and the mapping out of future growth potential. In this article we explain what the PRIMO-F model is, how it is used, and what it reveals about the priorities of most SMEs (Grunig & Kuhn, 2015).

PEST Analysis

PEST Analysis is a tool to analyze the external environment to help build confidence in the analysis. In order not to overlook important factors by analyzing the external environment of the organization from 4 factors: Political (P), Economic (E), Socio cultural (S), and Technology (T). These elements then form the objects of the analysis especially in SMEs which it is recommended to focus on a few topics. However, PEST is the proper term for these factors because these external factors are often beyond the Company's control and sometimes presents itself as a threat (Aslan et al., 2012).

RELATED WORKS OR DISCUSSION

Many previous studies on the development of strategies for local products were conducted by interview method and using analytical techniques and formulating strategies using PRIMO-F Analysis, PEST Analysis, and SWOT Analysis. Such as the research of Aslan et al. (2012), Buakhao (2019), Darareung (2016), Jearakul (2014), Kasornbua & Pinsam (2018), Khanthichote & Rodyim (2015), Klinkhachon (2015), Suwanmaneepong et al. (2018), etc., were conducted with community enterprises using these techniques and use to formulate the appropriate strategies depending on internal and external factors of their enterprises. The results of this study can therefore be adapted into a strategic approach based on Digital economy and local products with strengths and weaknesses Similar opportunities and limitations

METHODS

This research is a research that uses a qualitative approach. Research methods used are as follows:

Target population and key informants

Target population is an entrepreneur from a list of people who have received community product quality certification in Bangkok, there are 367 items (Thai Industrial Standards Institute, 2021), which have product certificates that are at least 3 years old from the date specified in the certificate. and is an OTOP business operator in 6 main product categories, comprising of food, drink, fabrics and garments, appliances and decorations, crafts and souvenirs, and non-food and medicinal herbs. The key informants group used a purposive sampling method for 12 enterprises and was to collect data by interview.

Data Collection

The methodology used in the study consisted of a documentary study by synthesizing the concepts, theories and related research and primary data collection from community who are the entrepreneur of the enterprises accredited for community product quality certification in Bangkok. The data were collected from 100 enterprises by questionnaire and 12 in-depth interviews with key informants including observation during the interview and then categorize the data and to verify the accuracy and completeness of the recorded data for analysis of the study data.

Data Analysis

The statistics used for quantitative data from questionnaire was mean, standard deviation and the qualitative data were analyzed using content analysis on the issue of in-depth interviews. As well as PRIMO-F Analysis and PEST Analysis techniques were used to analyze the internal condition and external environment to determine the guidelines for developing the competitiveness of community enterprises.

RESULTS

General information

General information of key informants consisted of 12 people, 4 males and 8 females, aged between 24-65 years old, has a period of business 5-36 years who were community entrepreneurs in the 6 main product categories, 2 interviewees were randomly selected for each category consisting of food, beverages, clothing and apparel, appliances and decorations, crafts and souvenirs, and non-food and medicinal herbs.

Results of the internal environment using the PRIMO-F model

The internal environment was analyzed using the PRIMO-F analysis model which separately in 6 aspects consisting of people (P), resources (R), innovations and ideas (I), marketing (M), Quantitative data from questionnaires of 100 community enterprises accredited for community product quality certification in Bangkok were analyzed by mean and standard deviation as shown in Table 1.

Table 1

Internal condition analysis of community enterprises among local product groups in Bangkok

Internal Factor	\bar{X}	S.D.	Level
<i>Strengths</i>			
S1 Personnel have talent, skills, expertise and tacit knowledge.	4.12	.65	High
S2 Raw materials and production equipment can be obtained from sources not far from the community which have a good relationship.	4.10	.63	High
S3 Products are initiated from local wisdom, identity and different from competitors	4.03	.69	High
S4 Enterprises have their own distribution channels that are well known to their customers.	3.98	.71	High
S5 Customers trust in product quality and business image.	4.08	.65	High
Total	4.06	.67	High
<i>Weakness</i>			High
W1 Cost of raw materials and labor is higher.	4.15	.72	High
W2 Enterprises still lack the use of new innovations in the production process and creative product design	4.06	.75	High
W3 Products are sold only locally still lack of expansion to foreign markets.	4.18	.56	High
W4 Entrepreneurs lacks knowledge of marketing, especially the development of packaging and brand building.	4.09	.62	High
W5 Entrepreneurs does not have knowledge of effective management systems.	4.07	.65	High
W6 Entrepreneurs lacks investment in continuous business development or expansion.	4.22	.69	Very high
Total	4.13	.68	High

Table 1 showed that the strengths of enterprises has total average 4.06 (S.D.=.67), at high level. The highest strength is personnel have talent, skills, expertise and tacit knowledge at the average 4.12 (S.D.=.65). As well as the weakness of enterprises has total average 4.13 (S.D.=.68), at high level. The highest weakness was products are sold only locally still lack of expansion to foreign markets at the average 4.45 (S.D.=.62).

The results of internal conditions from 12 key informants obtained from in-depth interviews was analyzed by using the PRIMO-F Analysis model in each aspect can be summarized as follows.

P – People Personnel have talent, skills, expertise and tacit knowledge that are deeply ingrained in the production process and the wisdom accumulated from their ancestors. The product was known to consumers for a long time. It has a unique product that is popular in the market. Customers have trusted in product for a long time. But the operation is a family business, so some businesses did not have successors which caused the development of creative products to lack continuity. Some of was still lacking in technology knowledge and need help from new generation worker with technological knowledge.

R – Resources Raw materials and equipment used in the production process can be obtained from sources not far from the community and have a good relationship with supplier. This results in high quality raw materials and low cost, but still faces the problem of raw material cost, production equipment and higher labor costs because the price is adjusted higher according to the economic situation.

I – Innovations and Ideas Products initiated from local wisdom, have identity and different from competitors. But some businesses still lack of knowledge in new innovations, processes and product design and there are imitations from competitors.

M – Marketing Products are sold only locally. Most businesses have retail distribution channels and has its own storefront which is known to customers who are regular customers and customers who are far away can come to buy because it is located in the capital with convenient transportation. But still lack of expansion to foreign markets and most of the distribution channels are more in-store sales. There are few distribution channels on the Internet. Entrepreneurs lack knowledge of marketing, especially the development of packaging and branding as well as formulating marketing plans, advertising and public relations.

O – Operations Customers trust in the product quality and corporation image because it is a local business and some businesses have been operating for a long time. However, most of the operations are family businesses. The management and operation of the business is therefore a simple operation process, uncomplicated, centralized management. But they had not sufficient knowledge for effective management. and financial analysis

F – Finance Most enterprises still lack funding sources for business expansion, lack of sufficient knowledge of accounting, has a clear record of income - expenditure but still lacked the use of data for financial analysis. In addition, some businesses still lack investment in business development continuously due to lack of support from good funding resources

Results of the external environment using the PEST Analysis model.

The external environment was analyzed using the PEST analysis model which separately in 4 aspects consists of the politic (P), social (S), technology and innovation (T), and economic (E). Quantitative data from questionnaires of 100 community enterprises accredited for community product quality certification in Bangkok were analyzed by mean and standard deviation as shown in Table 2.

Table 2
External environment analysis of community enterprises among local product groups in Bangkok

External Factor	\bar{X}	S.D.	Level
<i>Opportunities</i>			
O1 Government has promoted the development of product quality to meet international standards.	3.56	.56	High
O2 Government has a policy to enhance competitiveness in foreign markets.	3.61	.62	High
O3 Support to create a network of cooperation from government agencies / educational institutions in business development.	3.52	.63	High
O4 Supporting good funding sources from financial institutions	3.35	.58	Moderate
O5 Consumer trends in purchasing products that originate from local wisdom	3.95	.71	High
O6 Changing consumer behavior demands more convenience by turning to buy products via the Internet	4.02	.68	High
Total	3.67	.65	High
<i>Threats</i>			
T1 Production costs and operating expenses tend to increase.	4.11	.64	High
T2 Market condition has more competitors who are manufacturers/selling similar products.	4.05	.62	High
T3 Adapting to the rapidly changing popularity and behavior of consumers in the digital age	3.98	.59	High
T4 Impact of existing business from innovation and technology disruption	4.01	.72	High
T5 Impact of the COVID-19 Pandemic to the economic slowdown	4.45	.55	Very high
Total	4.12	.62	High

Table 2 showed that the opportunities of enterprises has total average 3.67 (S.D.=.65), at high level. The highest strength is changing consumer behavior demands more convenience by turning to buy products via the Internet at the average 4.02 (S.D.=.68). As well as the threats of enterprises has total average 4.12 (S.D.=.62), at high level. The highest weakness was Impact of the COVID-19 Pandemic to the economic slowdown at the average 4.45 (S.D.=.55).

The results of external environment from 12 key informants obtained from in-depth interviews was analyzed by using PEST analysis model, in each aspect can be summarized as follows.

Politic (P) The government has promoted the development of product quality to meet international standards and enhancing market opportunities to bring products to both domestic and international markets. As well as the importance of upgrading the ability of community enterprises local product group, there are measures to support

both production, investment and exports. There are also activities to build entrepreneurs' potential by using local identity to add value to products, including promoting and supporting business operations on a digital basis through various online media such as website, Facebook, Line and online marketing, etc. In addition, in the area of Bangkok, government agencies through the Office of the Permanent Secretary of Bangkok also have a strategic plan to drive development and upgrade the capabilities of local product operators in accordance with clear centralized policies.

Economic (E) Thailand's economy is still in a slowdown, the recovery of the Thai economy is still delayed, and household debt ratio is high as well as the impact of the COVID-19 pandemic on the economic slowdown. These conditions have affected business sales and revenue, as well as reduced consumer discretion and purchasing power. Therefore, the government should have a policy to help entrepreneurs and stimulate more purchasing power.

Social and Cultural (S) Trends and behaviors of consumers have shifted to pay attention to products made from local wisdom combined with local culture. However, entrepreneurs still lack information about consumer behavior and there are still more obstacles to competitors who produce similar products. Including the popularity and changing consumer behavior in the digital era Including the popularity and changing behavior of consumers in the digital age who want to be faster and more convenient, they turn to buy products via the Internet.

Technology and innovation (T) There are opportunities to apply innovations and new technologies in production processes and operations. There are also government agencies that are ready to support the use of scientific and technological processes for product development and product design. In the field of information technology can also be used to benefit for marketing operations, public relations and distribution of products in the form of e-commerce. However, there is still a problem of accessing relevant departments to provide costly technology support. Including the impact of existing businesses from changes in innovation and technology, it may make the existing business unable to survive without adjustment.

CONCLUSION AND FUTURE WORK

Conclusion

The results of the study of internal conditions of community enterprises in Bangkok according to the PRIMO-F analysis model revealed that community enterprises in Bangkok had good business performance. The strength was ranked in order from highest to lowest: 1) Personnel have talent, skills, expertise and tacit knowledge; 2) Raw materials and production equipment can be obtained from sources not far from the community which have a good relationship; 3) Customers trust in product quality and business image; 4) Products are initiated from local wisdom, identity and different from competitors; and 5) Customers trust in product quality and business image. The weaknesses were ranked in order from highest to lowest: 1) Entrepreneurs lacks investment in continuous business development or expansion; 2) Products are sold only locally still lack of expansion to foreign markets; 3) Cost of raw materials and labor is higher; 4) Entrepreneurs lacks knowledge of marketing, especially the development of packaging and brand building; 5) Entrepreneurs does not have knowledge of effective management systems; and 6) Enterprises still lack the use of new innovations in the production process and creative product design. The findings can discuss that branding is essential to gaining an advantage because customers' purchasing decisions are largely based on their credibility and reputation. Branding is not just about creating a logo, product name, or packaging. But business owners must also create a sense of relationship between the brand and the consumer (Bunpis & Haron, 2014). In addition, distribution channels are an important factor, especially in today's demand for speed and convenience. The addition of electronic distribution channels allows businesses to have direct and indirect distribution channels together by selling through the storefront through online media as well as use strategies to promote and publicize widely to make the business grow rapidly (Buakhao, 2019; Hameed et al., 2018; Khanthichote & Rodyim. 2015; Prasad et al., 2014). Moreover, the shifting trade model to networking supply chains as customers do not need to buy from retail stores only. Manufacturers can also sell products to consumers directly through online sales channels. (E-Marketplace) (Misra et al., 2020). This is consistent with the research of Klinkajorn (2015) study the potential development of community enterprises in the herbal compress ball product group. It was found that the proactive strategy should expand the market in existing and new products and increasing product distribution channels. The research of Darareung (2016) found that the product strategy formulation of OTOP, crispy pork shredded, Konian has established a

proactive strategy should increase distribution channels and looking for a network to do business and the corrective strategy should create a network with educational institutions or government agencies to develop knowledge on management and marketing plans. In addition, the research by Kasornbua & Pinsam (2018) has formulated a marketing strategy for OTOP entrepreneurs by creating joint alliances in publicizing OTOP products and matching business alliances for entrepreneurs. Moreover, the research of Aslan et al. (2012) found that proactive strategies should increase market share in other markets, make new investments in the region, and remedial strategy issues should be research and development of new products, increase product quality and investment in low labor countries.

The results of the study of external environment of community enterprises in Bangkok according to the PEST analysis model revealed that community enterprises in Bangkok had good business performance. The opportunities were ranked in order from highest to lowest: 1) Changing consumer behavior demands more convenience by turning to buy products via the Internet; 2) Consumer trends in purchasing products that originate from local wisdom; 3) The government has a policy to enhance competitiveness in foreign markets; 4) The government has promoted the development of product quality to meet international standards; 5) Support to create a network of cooperation from government agencies / educational institutions in business development; and 6) Supporting good funding sources from financial institutions. The threats were ranked in order from highest to lowest: 1) Impact of the COVID-19 Pandemic to the economic slowdown; 2) Production costs and operating expenses tend to increase; 3) Market condition has more competitors who are manufacturers/selling similar products; 4) Impact of existing business from innovation and technology disruption; 5) Adapting to the rapidly changing popularity and behavior of consumers in the digital age. The finding can discuss that in the digital era where technology plays an important role causing a change in concept and adopting technology (Digital transformation). Therefore, it is necessary to develop employees' knowledge and abilities to prepare them for the use of digital technology. An efficiency management system should be developed and building a network of cooperation with external agencies. Including corporate culture should be considered to change from management to employees to increase competitiveness and create value to consumers (Biagi & Falk, 2017). This is consistent with research by Aslan et al. (2012) found that preventive strategies should develop personnel capacity, create brand value, develop E-business and logistics, and improve the new management system. In addition, the reactive strategy should reduce the threat of competition through new investments and joint ventures with business partners.

Future work

The future work recommendation are that the future study may be studied in conjunction with other factors such as management service innovation, brand image and loyalty, corporate image recognition, and social media commerce, etc., as well as should be studied with community enterprises classified by product or separated by provinces in order to get more in-depth information and to be a guideline for community enterprise and relevant government agencies.

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