

The Strategies Development for Enhancing Competitiveness of the Community Entrepreneur: A Study of the Ban Chiang World Heritage Site

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ABSTRACT

The Eleventh National Economic and Social Development Plan (2012-2016) allocated the biggest income distribution and infrastructure development to enable community entrepreneurs to grow efficiently and sustainably (Porter, 2003). Entrepreneurs have to adapt their business strategies related to internal and external quick-business (Mabry & Mabry, 1981). They should focus on strengthening their community by being self-dependent, maximising benefits of local resources and being governed by local residents (Katz, 1991). Thus, entrepreneurs are a crucial force for generating jobs and earnings and strengthening the community and country. The objectives of this research are (1) to study the internal and external factors that affect the competitive potential of entrepreneurs (2) to create potential competitive strategies for entrepreneurs and (3) to test and assess results of potential competitive strategies. The primary research methodology was SWOT analysis of local entrepreneurs' potential development; this included documentary research, interviewing, field observation and data analysing of tourist questionnaires by the Priority Needs Index (PNI) and entrepreneurs using factor analysis and structural equation analysis. The secondary research methodology was creating potential competitive strategies by the focus group and brainstorming. The tertiary research methodology was testing and assessing the outcome from the strategies performed by Repeated Measures ANOVA and Wilcoxon Signed Rank Test. The results showed that three factors were selected, namely, production, marketing and management, to be models of creating strategies with chi square = 66.61, p-value = 1.00, CFI = 0.95, GFI = 0.99 and RMSEA = 0.00. The competitive strategy used was based on the 4-C Model, including Capability Customer Communication and Culture. Twelve strategic activities including three dimensions were carried

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out. Four activities were performed by six entrepreneurs. After implementation of the 4-C Model by the six selected entrepreneurs, their competitiveness and operating bottom lines were found to be higher, significant at 0.05.

Keywords: Strategies development, competitiveness, community entrepreneur

INTRODUCTION

Thailand's economy and social development are guided by The National Economic and Social Development Plan. Initially, the government placed an emphasis on public infrastructure, believing that a good economy produces good citizens, thus the plan initially focussed on mega-projects that took used up natural resources without benefitting local residents, leading to inequitable income distribution and social inequality (Boontam Ratcharak, 2005; Suwakrit Sriputtha, 2006). Thus, the economic development plan did not produce sustainable development (Ricardo, 1951).

As self-resilience was of utmost importance, the Eleventh National Economic and Social Development Plan (2012-2016) made provisions to ensure efficient and sustainable income distribution and infrastructure (Taweesak Muencharoenjit, 2010) by strengthening domestic entrepreneurship (Porter, 2003). Applying conservative and modern cultures was essential for the development of unique products to meet the market demand (Low & MacMillan, 1988) and

entrepreneurs adapted their business strategies, making internal and external quick-business changes (Mabry & Mabry, 1981).

Thus, local entrepreneurship was an income earner for the family, community and country. Local entrepreneurs focus on strengthening their community through self-dependence, maximising benefits of local resources and local potential (Katz, 1991). Thus, the local entrepreneurs were a crucial force in generating jobs and earnings and in strengthening the community and country.

The world heritage of Ban-Chiang, in Udon Thani province, is a famous historical tourist destination in Thailand. It is well-known among foreigners (Clinical Community Research Group, 2003) for its culture, lifestyle, community and local wisdom, in addition to its local products, especially attractively painted pottery and silk unique to the location, all traditionally produced, reflecting the pride and tradition of the community, who live a lifestyle inherited from their ancestors. All these add value to the tourism potential of the location (Cohen, 1996; Kotler & Keller, 2011).

The entrepreneurship community of Ban Chiang was founded upon the wisdom of the villagers. The products were crafted to be mainly used in daily life using natural materials and hand-making without the use of machines (Charuphan Charayophat, 1997). As local products were required to comply with industry standards for quantity, and due to differences in culture,

mindset and lifestyle, the entrepreneurs were forced to acclimatise themselves to the competitive environment by resorting to local wisdom for survival (Yuthasak Supasorn, 2013).

In the face of severe business competition and rapid technological and economic change, local entrepreneurs must apply strategic management (Ricardo, 1951) to adapt to and survive change. Business potential development should start with environmental analysis to create a suitable strategy for overcoming environmental challenges (Amnuay Weerawan, 1991; Porter, 2003) to gain competitive advantage with their existing potential (Fang, 1995) and to meet right customer demand and override economic conditions (Wheelan & Hunger, 1995).

The objectives of this study were:

- 1) To study the internal and external factors that affect the competitive potential of local entrepreneurs.
- 2) To create potential competitive strategies for local entrepreneurs.
- 3) To test and assess results of the potential competitive strategies.

RESEARCH METHODOLOGY

Primary Research

For a SWOT analysis of the potential for development of local entrepreneurs, two procedures were carried out; the first was documentary research, interviewing and field observation to discover the issues that needed resolution and the second one was data collection to

test the reliability, correctness of the data and to analyse inductive data to summarise the results.

The research population comprised four groups: (1) Local entrepreneurs from three subgroups i.e. village weavers, finery transformers and painting-potters (2) Entrepreneurs of local tourism (3) Government officers including museum's officers and Ban Chiang's sub-district officers (4) Tourists.

Qualitative data analysis was done by means of parallel analysis. Quality tests were conducted during fieldwork to collect data. Systematic and continuous data transformation and transcription of recorded interviews were carried out. Data preparation and data identification from three samples for each subgroup i.e. local entrepreneurs, tourism entrepreneurs and government officers was also undertaken.

Quantitative data analysis that was done included: (1) Data analysing of questionnaires filled in by tourists' by means of the Priority Needs Index (PNI), which was used to calculate all samples of tourists in February 2012. The figure obtained was 30,710 ones (National Museum of Ban Chiang, 2013) using Taro Yamane's formula of 395 generated samples; (2) Data analysis of the questionnaires answered by the entrepreneurs amounted to 150 ones by means of factor analysis and structural equation analysis.

Secondary Research

To create competitive strategies for the entrepreneurs, the researcher organised a

workshop that was run by entrepreneurs who were experts and academicians. Comments and recommendations from each focus group was collected and then synthesised and later improved on by brainstorming.

Tertiary research

To test and assess outcomes from the strategies performed, data for each

strategy were collected from a pre-test and post-test. The entrepreneurs' potential was assessed from data collected from each activity. The outcomes were compared by Repeated Measures ANOVA statistics. The variance of gross margin ratio after performing the strategies over four months was calculated using the Wilcoxon Signed Rank Test.

RESULTS AND DISCUSSION

Primary Stage: The results of Factor Analysis that Affected the Entrepreneurs' Competitiveness

TABLE 1

The Results of Strength and Weakness Analysis

	Strengths	Weaknesses
Production	-Diversity of lines -Seasonal usage of raw materials -Self-control -Long relationship and reliable producers	-Lack of intention to recruit staff -Not understanding core demands of contemporary customers -Productivity
Management	-Friendly locals were hired -Family-like staff	-Lack of provision of root cultures to services -Lack of cultural integration
Marketing	-Many repeat customers -Opportunity of distribution through e-commerce	-Lack of technological -knowledge -Lack of new market-discovery
Participation	-Productive assembling	-Assembling for bargaining power -Strong internal competition

TABLE 2

The Results of the Opportunity and Threat Analysis

	Opportunities	Threats
Tourism aspect	-Located in the centre of ASEAN -Well-known by foreigners -The product is a signature of tourism	-Lack of interconnection between highlighted places
Cultural and social aspects	-Outstanding culture -Unique finery and pottery	-Lack of business inheritance -Modern view of entrepreneurship that profits are more preferable than culture
Economic and governmental aspect	-Government support to use local cloth	-Wage inflation and lack of certain labour
Competitive aspect	-Unique lines of pottery -Opportunity of distribution -Plenty of natural resources -Development of services	-High cost of materials -Internal competition
Technology aspect	-Development of advertising technology	-Poor view of technology

TABLE 3
The Results of the Modified Priority Needs Index Analysis

Main issues	Average of Expectation	Average of Satisfaction	PNI modified	Priority
Shop's atmosphere	4.18	3.87	0.08	1
Shop's service	4.16	4.04	0.03	2
Shop's display and promotion	4.10	4.01	0.02	3
Value for money	4.19	4.17	0.01	4
Identity and Culture	4.34	4.40	-0.01	5
Utility	4.14	4.20	-0.01	6
Style and colour	4.14	4.25	-0.02	7
Quality and durability	3.98	4.25	-0.06	8

Other similar research based on interviews stating that in addition to the environment of local shops, the decorations they used, product arrangements and services (Cohen, 1996; Porter, 2003; Franzen & Smith, 2010), customer demand was also crucial. This information was obtained through interviews.

The initial test of the 109 questionnaires answered by the entrepreneurs provided a skewedness and kurtosis that were not more than ± 1 for the four informative aspects, showing normal distribution after a structural equation analysis was conducted.

Correlative testing of the model assumption and empirical data revealed that primarily, the statistic results did not meet with a designated criterion. This showed a lack of fit between the model and the empirical data. Thus, the model was adjusted by a test of model generating (MG), taking into consideration the model modification indices, which considered theoretical ration and then adjusted the parameters one by one to allow for relative deviation until the final, useable model was obtained (Table 4).

TABLE 4
Results of Goodness-of-Fit Indices of Hypothesised and Revised Model

Indices	Recommended	Hypothesised Model	Revised Model
X ²	(q=>.05)	X ² = 404.02, df=242 (p-value = 0.00)	X ² = 66.61, df=166 (p-value = 1.00)
GFI	≥0.90	0.76	0.99
AGFI	≥0.90	0.71	0.97
RMSEA	≤0.05	0.08	0.00
RMR	≤0.05	0.06	0.05
CN	≥200	70.08	590.66

The consistency index of the initial and final assumptions showed that the coefficient of the management affecting factor was equal to 0.42, that of the

marketing factor was equal to 0.33, that of the production factor was equal to 0.23 and that of the participation factor was equal to -0.27 (Fig.1).

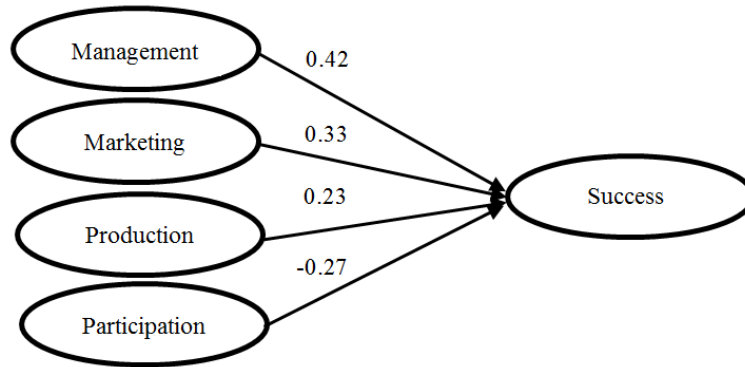


Fig.1: The results of the revised model.

During qualitative and quantitative analysis, three factors were selected as models for creating strategies; they were production, marketing and management. The coefficient of the participation factor was negative, meaning that this factor might be a threat to potential development (Howard & Klosler, 1991). Moreover, the participation factor was flawed, preventing the researcher from obtaining clear results.

Secondary Stage: The Results of Creating the Competitive Strategy for the Entrepreneurs

The researcher created and drafted strategies by applying strategic management (Wheelan & Hunger, 1991) principles. The selected competitive strategy was a 4-C Model (Fig.2), as shown below.

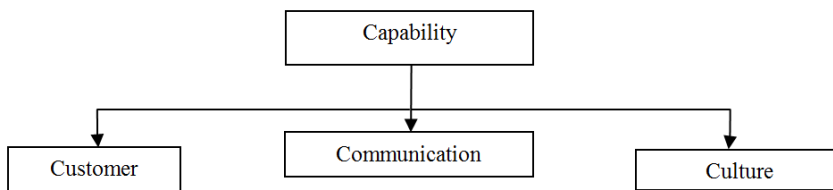


Fig.2: 4-C model.

- (1) Capability: The operating potential was essentially dependent on the entrepreneurs (Pickle, Hall & Royee, 1990). This strategy placed emphasis on three aspects of capability: the customer, communication and cultural management.
- (2) Customer: The ability to meet customer needs and to respond to common needs was as expected. Staff need to make a good impression by striving to build rapport with customers, entrepreneurs and tourism companies.
- (3) Communication: Creating direct communication to meet customer needs by collecting information and analysing taste and seasonal trends, including implementation of e-commerce to extend communication (Kotler & Keller, 2011) is necessary.
- (4) Culture: As entrepreneurship here is represented by tourism, it should reflect value and provide an exceptional experience for tourists. Entrepreneurs have to provide cultural management, such as using regional decoration, creating a native atmosphere and providing services to make a good impression (Smith, 1989; Pigram, 1993).

Consequently, the researcher drafted three designated strategies including (1) strategy to enhance productivity to meet customer demand; (2) strategy to enhance competitive communication for local businesses; and (3) strategy to enhance cultural management. Each strategy

comprised two activities, namely: (1) training and (2) a workshop simulating real-life situations and monitoring training results from time to time.

After that, the two groups received feedback from business experts, academicians and local business developers in a focus group conference. Finally, a summary of the activities, discussions and brain-storming, was carried out, with the following recommendations made:

- (1) Each strategy should have been demonstrated at the designated worksite and the results shared with local entrepreneurs to highlight issues and devise solutions.
- (2) The strategy offered to enhance competitive communication should have more content relating to participation in a marketing network and how to cooperate with others to plan promotions.
- (3) The strategy to enhance productivity to meet customer needs should have more content on cost analysis and pricing.

A total of 12 activities were carried out, with four activities each targeting each of the three dimensions. Entrepreneur enchantment, therefore, comprised training, practising, insight observation, brainstorming, assessing and reporting.

Tertiary Stage: The Results from Analysing Implementation of the Strategies

The 12 strategic activities were performed by six entrepreneurs. Each activity was tested against the entrepreneur's potential

by means of the potential test, and the assessment was done using Repeated Measures ANOVA. The results are summarised below.

The value from Mauchly's Test of Sphericity was Mauchly's $W = .084$ with a sig. value = .111, which was higher than $\alpha = .05$ (Accepted H_0). As a result, the variance

had compound symmetry so it could be read by F value from Sphericity Assumed, where the value of $F = 145.199$ and the sig. value = .000, which was lower than $\alpha = .05$ (Rejected H_0). Thus, the average point from the four post-tests was different in at least one pair (Table 5 and Fig.3).

TABLE 5
Pairwise Comparisons

(I) posttest	(J) posttest	Mean Difference (I-J)	Std. Error	Sig. ^a
Post-test 1	Post-test 2	-1.167	.363	.141
	Post-test 3	-3.389*	.442	.004
	Post-test 4	-7.611*	.505	.000
Post-test 2	Post-test 3	-2.222*	.141	.000
	Post-test 4	-6.444*	.436	.000
Post-test 3	Post-test 4	-4.222*	.372	.001

^a Adjustment for multiple comparisons: Bonferroni.

* The mean difference was significant at the .05 level.

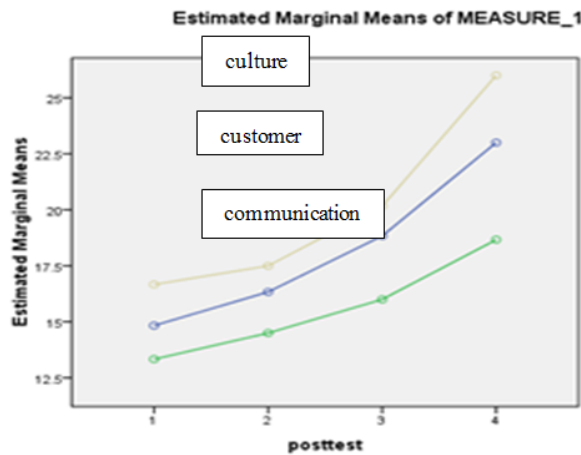


Fig.4: Estimated marginal means of the four post-tests.

As a result, the comparison between the average pair of the first and second post-test was not different because of the first activity was training for the unsophisticated entrepreneurs, practising and questioning. Other than that, the variance was significant at 0.05.

After four months of implementation, assessment was done by measuring different values from the average value of net-profit to the revenue ratio of the six entrepreneurs for the period using the Wilcoxon Signed Rank test. The test indicated that the results of the pre- and post- implementation of the strategies were different (Table 6).

TABLE 6
Wilcoxon Signed Rank Test

	N	\bar{X}	S.D.	Z	Sig
Pre-test	6	25.33	2.02	-2.201	.028*
Post-test	6	30.51	2.78		

* Significant at 0.05

CONCLUSION

In conclusion, studying the internal and external factors that affected the potential of entrepreneurial competition by data collection from stakeholders revealed four contributing factors including production, marketing, management and participation. From these strategies were created, applying administrative strategic schemes called the 4-C Model based on the following factors: capability, customer needs, communication and culture, to design a strategic framework. The framework was used to enhance the absolute potential of the three dimensions using four activities. In total, there were 12 activities. After the implementation of the 4-C Model with the six selected entrepreneurs, their competitiveness and operating bottom lines were higher.

One clear improvement was in the way the entrepreneurs sought knowledge of customer needs to align their business offering to suit those needs. They also conducted product comparison with competitors in terms of quality and price, and distributed the information through appropriate channels. They took more care of their services and realised the significance of cultural services and made the most of local features and provision to enhance their business offerings.

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