

# The Antecedence Factor Affecting the Success of Community Business in Chiang Mai Province

Kittivate Boonyopakorn

**Abstract**— The purpose of the study is to investigate factors that affect the success of the community business in Chiang Mai in dimension of financial success, production, marketing, and management. This study aims to collect data by in-depth interviews the business entrepreneur in Chiang Mai area communities that are chosen to be one of the best product selling in the year 2010 for 5 business. The study found that 5 business entrepreneur will be planned to investment with water hyacinth products and spend their budget to buy raw materials and the logistic transportation, Intermis of marketing factors business entrepreneur will be invest with product development to reach the needs of the market with proper pricing, strong marketing campaign through various channels to response consumers quickly. The study also found that water hyacinth products using all the local ingredients and entrepreneurs will using the worker as local people in the whole production.

**Keywords**— Chiang Mai Province, Finance, Marketing, Success of Community Business

## I. INTRODUCTION

**I**N The development within the economic ideas framework monocycles of capitalism. The country's economy will result in rapid growth, but it has generated many important issues including income redistribution that are general society lack the discipline and weak community meltdown. The ability of self-reliance is very reduced and concern that economic developments it will be unsustainable, and when a problem occurs, may cause damage to the nation and people severely. The financial institutions that are considered to be the center of development and affect other businesses due to macroeconomic crisis many businesses must be stopped, many individuals were terminated and becomes a major issue for society. At the same time, the rural sector and the agricultural sector is seen to be a way out of the Thailand society. The economic community is become the critical to ensuring policy for stability based on the national under this concept. In addition, the integrated production of households already integration with the business of the community. People in the community have been take ownership of shared working together and sharing responsibility. The effects caused by the operation is considered as an important tool in the development of economic growth sustainable. It is believed that encouraging the villagers to do the community business to encourage the villagers to have the opportunity to learn how

to manage their own business ,working together and share to the public, as well as The management benefits for community development will makes the villagers and communities can adapt to the changing situation appropriately and ongoing development. However, when considering back in the past, found that the business community, it's not new concept for the Thailand country, but Thailand's Government will expecting the community business to develop products that reach the standards quality and achieved but so far now there is no explicit role in the unprecedented economic and social development. Therefore, the researcher are interested to study the factors that affect the success of the community business, in Chiang Mai province.[1]

## II. LITERATURE REVIEW

### A. The Key Success Factor of Business.

Studying in the factors that determining the success or failure of a business community, there are many reasons, such the money system, and personnel systems and in the study will summary of factors determining success and failure of your business communities. In this study will determined the success factors that are only 4 reasons including financial factors ,marketing factors, production factors and management factors.

#### Finance and accounting (Finance & Accounting)

The considered extremely important for business is the money it like the lubricant that makes the assembly activities to continue with the excellent performance, we will see that most of the goods are sold to the customers are not ready to made a payment as long as we receive the product. In addition, the various expenses of the business are required to pay before a long time to earn income as a reward to the business-related activities, this will include: funding to retain the funds, and the use of it. In the competition out of business ventures will survive and continue to grow as an organization with needed stability and strong in every aspect. A good financial strategy will lead to the ultimate goal if the company can seek funding from various sources that are low in cost and low acceptable risk level it will leading the capital allocated to invest in various sources yields back in order to achieve the highest goals of financial management is to provide the parties with the highest value.

#### The Role of Financial Executives.

In the financial management it will be an essential role in financial policies in the organization as well. The performance

Kittivate Boonyopakorn is with Faculty of Management Science, Suan Sunandha Rajabhat University, and Bangkok, Thailand. (Phone: +6621601508; fax: +6621601491; e-mail: kittivate.bo@ssru.ac.th).

and goals by financial analysis of investment projects that come with the feasibility analysis in projects to make decision on investment to the projects and will reflect to the maximum benefit effectively. Therefore, it is concluded the financial executives to handle three main duties include

1. Planning and Analysis
2. Fund Raising or Financing
3. Allocate of Assets

#### Marketing Factors.

Marketing management is that businesses need to create consumer demand and satisfaction and must make a plan for managing the marketing mix to define the target market that suit with the business and segmentation clearly follow by the step below

1.1 Market segmentation refers to the split of the market that suit with the company product and service by the appearance of needs and reach targeted customers.

1.2 Targeting Market means to evaluate and select one or more target marketing is a job that must be done when after a split market and contains a section evaluation and market selection as well.

1.3 Positioning refers to the activities of the business, product design, and the image of the brand that will offer in a different race in the minds of the customer.

#### Marketing Mix (Marketing mix 4 P, or s)

Refers to the marketing variables that control the company shares to fulfill a satisfaction to the target groups that consist of the following tools. [2]

##### 1. Product

Refers to the things that offered by businesses to reach the needs of the customer satisfaction. Products that business offered for sale may be tangible or intangible product, it has to contain the service items. The product must have utility and value in the mind of the customer, it will made the product can be sold. The defining of product strategy should be including the product differentiation, and competitive differentiation. That will consideration of elements of the product (Product Component), such as the benefits of design, quality, packaging, branding, etc.

##### 2. Price

Refers to the value of money, the price is the second P that occurred next to the product, price is the cost of the customer. The consumer will comparison between the values of the products with the price that they pay for the product, if the value is higher than the price the customer will not purchasing. The price strategy must consideration the recognized value in the mind of the customer and the product value that the customer received is higher than the price of that product.

3. Marketing campaign (Promotion) is a communication about the data between the seller and buyer that can build up the attitudes and consumer behavior.

The communications strategy can be use personal selling and no personal selling as a communication tools. There are several reasons that may choose one or more of the tools or

may be can combined communication tools together it depend on the customer, product, and competitor. An important promotion tools as follows:

- 3.1 Advertising
- 3.2 Public Relation
- 3.3 Sale Promotion
- 3.4 Personal Selling
- 3.5 Direct marketing

#### 4. Channels (Place)

Means the activity that transfer the goods or services from producer to consumer at the right place and the right time. Otherwise, it will make a quality product in accordance with the requirements of the target groups that can be purchased, but you cannot buy them in a timely. Therefore, another two important factor that will make the consumers satisfaction to buy goods or services and to create the performance of distribution channels by two important factors are

##### 4.1. The middle man

Means the person responsible for bringing the goods or service go to consumers or users in various levels, including merchants, retail merchants, sent, dealer, broker, etc.

##### 4.2. Distribution

Refers to the distribution system and physical that will distribute the goods or services to reach the consumer quickly, and in time, such as transport, storing, maintaining item counts.

#### Operation Factor

Operation refers to the material raw conversion (Inputs) that requirements from the production line according to the needs of consumers. The output of these goods or services may be composed of 4 major parts component that is called in production factors include

1. Raw materials or natural resources.
2. Labor
3. Capital
4. Entrepreneur

Raw materials or natural resources such as land, and labor is the second factor for the production of the goods and services come up follow by the skilled of labor that can be obtained, but a high-skilled labor are usually rare.

Capital as a another important factor of production but the money invested in the business is includes the value of all the increases, that wants to use the money to buy or build land, or factory building that must be used in the manufacture of machinery. Therefore must be used in the production of a capital goods. [3]

#### Entrepreneur

The entrepreneurs are people that perform the initiation or in the establishment of the business. If this is an established business model one person as the owner and operator of this type partnership model will be the sole recipient but if a business in the form of company shareholders will receive the risk.

Therefore production management means diverting resources and provide a product or service that is related to the

activities and work flow, resources and raw materials with the goal to obtain goods and services at a standard of quality in a given time.

### III. METHODOLOGY

#### Population

The population in this study, including the community business in Chiang Mai Province classify by the best product seller in district for 4-5 star

The tools to collect data.

The tools used to collect data were structured interviews with the study as made a study of the concepts and theories as well as various research from the past use to be guidelines for creating the questions on general and operator information, financial factors, market factors that affect to the success management of the community business.

#### Data collection

For this study the study was conducted by collecting data process and procedures follow by

1. Corporative with Mahidol University to ask for cooperation from operators.
2. Interviewing entrepreneur’s fifth business community.

#### Data Analysis.

This study were analyzed the data by using content analysis to classification the data to information.[4]

The research conceptual framework is shown in Fig. 1.

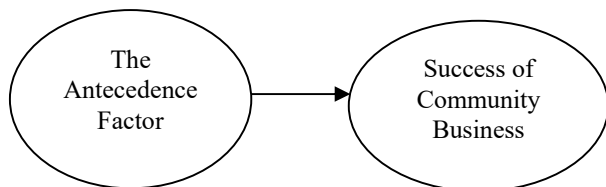


Fig. 1 Research Conceptual Framework

### IV. FINDINGS

#### General Information

Mrs. Pongsri Puenmit is 48 years olds graduated high school at level six, residing at San Pa Tong Chaing Mai district and now doing the hyacinth handicraft product group under the name is San Pa Tong group.

Ms.Wanika Kanta is 50 years olds graduated high school at level 3 residing at Ban Muang at the Chaing Mai Province doing the business of product made from water hyacinth as a group.

Mrs. Tura Youngkhao is 57 years old, graduated at seven level, residing at Aumpur Munag Chaing Mai, and doing the basketry business with a group of hyacinth wickerwork.

TABLE I  
THE COMMUNITY BUSINESS, IN CHAING MAI CLASSIFY BY THE PRODUCT CATEGORIZE AND STAR RATING

Product Categorize	Community Business	Star Rating
1. Pickled fish	Mrs.Thongpon Chumrat	
2. water hyacinth wicker	Mrs.Pongsri Puenmit	5
3. water hyacinth wicker	Ms.Wanika Kanta	5
4. Pickled fish	Mr. Sriton Ariya	4
5. water hyacinth wicker	Mrs. Tura Youngkhao	4

#### The Factor Affecting the Success of Community Business

##### 1. The Financial Factor

The study found that most of the five business plans for using private budget for the first stage after that the financial enterprises will conduct the business as a small business. They will not request for the business loan because they do not want to bear the burden of interest. Every business has a monthly income of 40,000 baht or more and income is unpredictable, sometimes more, sometimes less based on an order from a customer, but never less than 30,000 baht per month, and businesses can continue to be afflicted by a member after deducting the cost of production to remain profitable every product sold to their customers.

##### 2. Marketing Factors

###### 2.1 Products

Most of the entrepreneur has four product categories such as hats, bags, basket weaving water hyacinth. Most of the bags are manufactured that is produced according to orders from customers. The design of bag is the semicircle that customers most popular products hyacinths. And we found the customer orders product from the entrepreneur have over 10 categories including pannier, basket elephant, chicken basket by basket-shaped notches, deer basket, boxes of tissues, box of chicken shoe mat, pads, placemats and chicken pot keychain. Most products are basket-shaped box of chicken and chicken key chain that is produced according to orders from customers.

In term of product design, most entrepreneurs will be designing their own products and put in the products label and packaging with support from the ministry of commerce and come from the training that designed for them. In additional the training will make them see the pattern of other provinces products with other ingredients, it takes them get the new idea form other province product design. Sometimes a client will come to see and sample products and the entrepreneurial will demonstration and let the customer see if it can be produced according to customer demand. Particularly that products made from water hyacinth. The operator must always think of new product models.

##### 2. Price

The pricing of products is mainly determined by the cost of labor in the production of the manufacturing cost and positive earnings calls about 10-20 baht per piece, depending on the size and how difficulty of production and consumption in

products material such as water hyacinth if the pattern is made more difficult and time-consuming for months. Positive earnings will increase over the set but the simple design can be produced a day or two per each, the price it will be lower and the retail price to the wholesale price is equal to the operator's own pricing. Products sold with prices ranging from 10 baht to 15 baht and the maximum price is 1,000-2,000 baht per piece.

The pattern of production more difficult and time consuming to produce for a month, the price for both retail and wholesale prices will increase with prices ranging from 15 baht to 20 baht and 30 baht, the price that customers are looking to buy in bulk.

### 3. Promotion

The result found all the entrepreneur are promoting products by do the roadshow on tasks such as Muang Thong Thani. Chiang Mai, Chiang Rai, Lamphang and other provinces depend on that fair get the authorities and in need of the customer. And products from water hyacinth there are also government agencies helping to promote the product to the internet, so that the product has become widely known and some entrepreneur out of ads in the local community radio station. Some take it as a gift to the adults, who were guests of Chaing Mai therefore the products are widely known. And will make a resulted in a successful business by the end.

### Factors of Production

It appears that the products are made from water hyacinth the main raw material is water hyacinth plants all local members of the group went to the store at Chaing Mai river based at private pool, some people buy a neighbor, the canals for 1,000 lever for 130 THB 140 THB and 150 THB, depending on the length of the canals. The secondary raw materials, including sulfur used for baking the dried water hyacinth to avoid a fungus charcoal in the process of baking the dried water hyacinth. This is the burning of sulfur to be used for varnish fumes of gasoline mixed with varnish coating products used as components of the ear wire basket for strength wire used as rattan wood. Leaves, plastic bags used for decorative baskets to beautiful wood buttons and decorative pockets.

## CONCLUSION

### Overview of Entrepreneur

The result from interview the entrepreneur from the community business in Chaing Mai Province found most of them are production of Hyacinth second is produce pure rice the third is production of pickled fish and will make the successful business from family member and have a monthly income higher.

Factors contributing to the success of the business community, Chiang Mai province the result show that structured interviews factors in the finance factor, marketing factors, production factors and Management The details are as follows.

#### 1. The Financial Factor

The study found that most businesses in the early stages it is using private funds. The entrepreneur plans to use water hyacinth products business funding is the purchase of the equipment used for the production. A handling fee and shipping costs. Most businesses produce pickled fish will use the funds to purchase raw materials. The entrepreneur will use private funding. The funding that has been supported by government agencies. The funding from the store's stock and money savings. Entrepreneurs to be used for the benefit of its members. Entrepreneurs have no borrowing to invest and a dividend to members in the group at the end of the year have come from stocks and savings morale in working together.[5]

#### 2. The marketing factors

##### 2.1 Products

Hyacinth products with products such as hats, bags, baskets, weaving water hyacinth mats, seat cushions surround the vessels basket ,casket boxes, shoe boxes, tissue paper placemats. Box of chicken pot, chicken pad, and keychain products made from water hyacinth will success with product design and development to reach the needs of customers under the direction of the entrepreneur that will check the definition of work as a producer. .

## ACKNOWLEDGMENT

The author would like to thank Assoc. Prof. Dr. Luedech Girdwichai, The President of Suan Sunandha Rajabhat University, Bangkok, Thailand for financial support. Also, the author would like to thank to Asst. Prof. Dr. Prateep Wajeetongratana, the Dean of Faculty of Management Science for the full support in this research.

## REFERENCES

- [1] Ministry of the Community Development Department.(2549) Guidelines and criteria for the selection of the top OTOP year 2549. Thailand Bangkok: Bangkok Block.
- [2] Ministry of Education. (2546) Factors affecting the efficiency of the development of technology for education. Bangkok: P. S. Livingston,
- [3] Jantana Katekaew. (2539) Business community development projects Palmyra. In the options market: Partnership for a new society. Bangkok: The Fine Print.
- [4] Jitsai Kawboonrueng. (2546) The One Tambon one product Success in Lamphang. Thesis, MBA (Business Administration), Chiang Mai University.
- [5] Jirapa Sakitmalai. (2548) Business Finance. Chiang Rai, Chiang Rai Rajabhat University,