

# Direction to Manage OTOP Entrepreneurship Based on Local Wisdom

Witthaya Mekhum

**Abstract**—The OTOP Entrepreneurship that used to create substantial source of income for local Thai communities are now in a stage of exigent matters that required assistances from public sectors due to over Entrepreneurship of duplicative ideas, unable to adjust costs and prices, lack of innovation, and inadequate of quality control. Moreover, there is a repetitive problem of middlemen who constantly corner the OTOP market. Local OTOP producers become easy preys since they do not know how to add more values, how to create and maintain their own brand name, and how to create proper packaging and labeling. The suggested solutions to local OTOP producers are to adopt modern management techniques, to find knowhow to add more values to products and to unravel other marketing problems. The objectives of this research are to study the prevalent OTOP products management and to discover direction to manage OTOP products to enhance the effectiveness of OTOP Entrepreneurship in Nonthaburi Province, Thailand. There were 113 participants in this study. The research tools can be divided into two parts: First part is done by questionnaire to find responses of the prevalent OTOP Entrepreneurship management. Second part is the use of focus group which is conducted to encapsulate ideas and local wisdom. Data analysis is performed by using frequency, percentage, mean, and standard deviation as well as the synthesis of several small group discussions. The findings reveal that 1) Business Resources: the quality of product is most important and the marketing of product is least important. 2) Business Management: Leadership is most important and raw material planning is least important. 3) Business Readiness: Communication is most important and packaging is least important. 4) Support from public sector: Certified from the government is most important and source of raw material is the least important.

**Keywords**—Management, OTOP Entrepreneurship, Local Wisdom

## I. INTRODUCTION

**T**HERE are numerous reasons why local OTOP producers underperform in the modern competitive market which cause them to have low earnings than expected. No modern standard of quality are understood by local OTOP producers. The local producers often unconsciously competes each other with same ideas and similar products which lead to the process of glutting. About 78.62 percent of local producers suffer from their incapable of adjusting their costs and prices.

Another serious problem is that middlemen who corner the OTOP market with extremely low price and resale these products with added values, superior packaging, and good brand name. About 81.54 percent of local producers suffer from the fact that products and ideas become obsolete so fast due to so many imitations from other producers. Moreover, the local producers have limited knowledge in terms of product developing, packaging, labeling, and branding.

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Sithisom ,2010 [9] illustrated about the essential factors that make a difference in each producer: product development, marketing plan, and customer satisfaction have found that there are creative ways to empower local producers. 1) Share knowledge and create local identity. 2) Create network and add more values to products. 3) Focus more on quality. 4) Create team management. 5) Produce with an environment concern. 6) Local ownership. 7) Create community strength with the focus on self-reliance.



Fig. 1 Focus group

Department of Community Development, 2005 [1] stated that Local wisdom alone is unlikely to be successful in the global market. Mekhum, 2007 [10] found that local producers lack of knowledge and skill in modern management. Dusadeepipat, 2003 [12] stated that there should be a joint process of thinking and working. In addition, many issues were raised in the OTOP producer convention during August 18, 2008 such as insufficient of proper tools and equipment, lack of innovation, unable to fulfill high demand, and product damaged during transportation. Tantabundit, 2008 [4] concurred with Isarakutan, 2006 [5] that the external factor of success are product development, marketing strategies, and customer satisfaction.

Since there are problems and issues surrounding local OTOP producers, there is a need to focus a serious study on two essential approaches. First is to study the prevalent OTOP products management and second is to discover direction to manage OTOP products to enhance the effectiveness of OTOP productions in Nonthaburi Province, Thailand in order to create high quality product which leads to bigger market share and more profits, more jobs and more income to local OTOP producers and community at large. Objectives 1) To study the prevalent management of local OTOP producers in five categories: food, beverage, clothing, souvenir, and herbal products. 2) To discover direction of better management to increase effectiveness in OTOP productions.

## II. MATERIALS AND METHODS

The bacteria described in this paper were isolated from soils obtained from Kanchanaburi province. All soils had been used to grow sugarcane and had been treated with atrazine for weed control according to normal farming practice for at least 20 years.

The soil was stored without drying at 4°C before used for enrichment and isolation of atrazine-degrading bacteria.

#### A. Study Area

This research focused the study on the local OTOP producers in Nonthaburi province. The population is 156 local OTOP producers registered with local government from 6 districts and 52 Towns (Towns and local government units). Sampling was utilized by using Krejcie and Morgan table (1970). Simple random sampling was done by drawing a total of 113 local producer names out of 156 local OTOP producer name population.



Fig. 2 Continuity of Development tools

#### B. Scope of Study

This research utilized the scope of study from Department of Community Development, Ministry of Interior as well as ideas from Griffin). The focus of study is in three main areas: 1) Resources and environmental of Business. 2) Management which includes planning, organizing, directing, and controlling. 3) Readiness and support from public sector.

#### C. Research Tools

The tools using in this research are divided in to two parts. Part one is questionnaire which asks about general conditions of local producers, check-lists of resources and environmental business as well as management, then the using of Likert scale to measure readiness and supports from public sector. Part two is about using focus group from local producers together with experts in the areas of OTOP products from both business sectors and public sector to find ways to improve the effectiveness of local productions.

Analysis this research summarized the findings by using statistical analysis methods such as frequency, percentage, means, and standard deviation. In addition focus group output is analyzed with experts in the areas of OTOP productions.

### III. RESULTS

From the study, it disclosed that the majority of local participants are female with the age of 50-60 years old. Most participants have an undergraduate degree or higher with 4-6 years of experience in OTOP productions. Most participants reside in Parkert Amphoe. From the resource and environmental business, it revealed that food and beverage received certified from Local government agency about 94.70 percent. Local productions have no damage effects to local environment about 86.70 percent. Packaging has been either self or group develop about 85.80 percent. Using local knowledge, local stories, and local wisdom is about 70.80 percent.



Fig. 3 Prototype development for Continuity

The overall result from the prevalent management of OTOP producers is high but not very high. In terms of leadership, the score is 4.05 out of 5, Likert scale. The second is organizing which score is 4.00. The quality control is 3.95. The lowest score is 3.69 which is raw material planning. For the overall scale of readiness of producer score is 3.75 or high, but not very high. In detail, communication has the highest score which is 4.24. Second is product improvement which has a score of 4.20. Third is 3.31 for packaging. For the overall scale of support from the public sector, it is 2.77 which is a medium score. In detail, the highest score goes to the certification service for local OTOP product which is 3.52. Second, the training service from public sector is 3.36. Finally, the lowest score goes to the assistances to find raw material for local producers which score is 2.20.



Fig. 4 Delivery of the prototype

The direction to resolve problems and ways to increase effectiveness of local OTOP producers is done by using the concluded results from questionnaires and set up a small meeting with focus group together with experts in the areas of business sector and public sector. The results of discussion display four major answers as follows: 1) To encourage local producers to be leader in self-learning and constantly update their knowledge. 2) Find more channel of distribution to reach customers easily and quickly such as OTOP center of each province. 3) Offer more short term loans that can be approved to local producers fast with simple form. 4) Public sector can assist by promoting OTOP products and create a trend or public enthusiasm of consuming OTOP products.

### IV. DISCUSSION

One of the main reasons that most of OTOP products have been certified by local government agency is because the local producers have been training by the project to increase quality.



However, the local producers have been least certified by Food and Drug Agency of national government. The main reason behind this situation is that food and beverage products are often seriously tested before it get approved by the Food and Drug Agency of national government. Sriwong, 2008 [2] stated that training of local producers lacked of skills in mass production but the strength of community business has no detrimental effects to the environment. Kongsomtub, 2006 [7] pointed out that when the local producers started to duplicate each other ideas and produce similar products, it created the crunch of raw material. Eventually, it unnecessary raised the cost of raw material and price of OTOP products.



Fig. 5 brand of prototype

The strength of community came from local producers group together to have more power to negotiate with middlemen, to have more knowledge sharing, and to have more and frequent updated knowledge. Kaethap, 1987 [3] found that the strength of community came from group management, participation of the group members, and group training. Isaranukuntan, 2007 [5] found that public sector should help in terms of how to do basic accounting that is easy, fast, accuracy. Mekhum et. Al, 2007 [10] and Jomphot, 2008 [11] found that most important training that local producers need is simple but useful accounting method and the knowledge of improvement of production process.

Market feasibility by using local stories and folklore has been creatively developed. This is due to some of the universities such as Suan Sunandra Rajabhat University has assisted the local producers in terms of packaging, and product developing. Pravatsor, 2008 [6] studied product development and found that local producers have a potential in product development and eagerness to transfer their knowledge to next generations.



Fig. 6 handicraft prototype

Brand loyalty is essential for OTOP products. OTOP products rely on both new customers and old customers. Most of brand loyalty customers can be seen in many 3 to 5 stars of OTOP products. Whereas 1 to 2 stars of OTOP products do not enjoy having brand loyalty. Prapatsorn, 2008 [6] found that new channel of market often came from exporting the

product soon after they got some kind of awards. Kongsompee, 2007 [7] stated that government needs to find place for OTOP products to display and the promotion of OTOP products for exporting should be focused on high potential and high quality OTOP products only.



Fig. 7 Art painting patterns

In terms of management of OTOP products, it is found that leadership is most important. This concurred with Srisarakorn, 1991 [8] that self-study has positive relationship with leadership and increase of new skills and knowledge. found that poor production planning came from lack of knowledge.

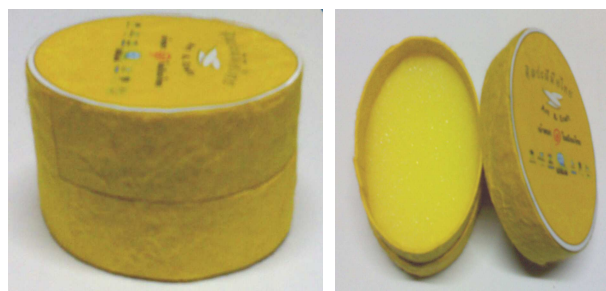


Fig. 8 packaging and logo

The public relation of OTOP products is minimal and ineffective due to no significant of marketing plan and no formal full scale of public relation. Kongsompee, 2008 [7] proposed that government should promote OTOP products in national media to increase awareness and trend to consume more of domestic products. Most of the problems originate from local producers lack of money to invest, no modern management knowledge, and no modern technology. Therefore, it is very hard to increase market share. If these problems are resolved, the community business will enjoy higher market share and high income.

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