THE DEVELOPMENT OF THE COMMUNITY ECONOMY IN THE NORTHEAST OF THAILAND

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Abstract

This research aimed to study the direct effect of 1) the push factors for a community economy on the activities in the process of the community economy, 2) the activities in the process of the community economy towards the allocations of the community's excess profit, and 3) the push factors for the community economy on the allocations of the community's excess profit. The focus of this study was on successful career groups in 6 provinces of the northeastern region of Thailand: Nakhon Ratchasima, Ubon Ratchathani, Surin, Khon Kaen, Udon Thani, and Loei. Stratified random sampling and simple random sampling techniques were used to arrive at 408 samples, and questionnaires were used to collect data, which later were analysed by the quantitative methods. The results showed that the human resource development push factor for the community economy had a direct effect on sales in the process of the community economy with the highest factor of 0.513. The sales activities in the process of the community economy had a direct effect on the allocations of excess profit for the community's subsistence with the highest factor of 0.417. The basic physical development push factor had a direct effect on the allocations of excess profit for the community's natural resource conservation with the highest factor of 0.434. Therefore, the push factor of human resource development concerning training for the economic leadership of the community, community members, and the concerned workers in the economic development in the community had an effect on the increase in sales volume of the community's products. As a result, communities can allocate their excess profit to support social activities, especially in education.

Keywords: Development, community's economy, northeastern Thailand

Introduction

Thailand's Office of the National Economic and Social Development Board (NESDB, 2007) pointed out that the results of socio-economic development from the past to present on the national plans had shown that the economic structure of Thailand had changed and economic growth had happened. However, those development situations led to increasing impacts from the problems of personal incomes, income distribution, economic stabilization, the environment, natural resource conservation, and the capitalization of society. Besides, Thailand's open economy induced international financial problems for the internal private

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sector. After the financial crisis in 1997, the concept of economic development was composed of both a self-efficiency economy and a market mechanism system in order to prevent the problems from the open economy. Social well-being, a stable economic system, and government policies had a direct effect on the national restoration and full employment in the form of Thailand's sustainable economic development. Piriyarungsun (1998) noted that the self-sufficiency economy of communities was the important factor for sustainable economic development and social well-being.

Successful community economic development should be composed of community activities, community participation with the private sector in the form of partnerships with each other, and policies for implementation. Those would lead to economic growth, income distribution, social well-being, and quality of environment. The economic development in the community was very important for Thailand because it is an economic base for the Thais' sustainable economic development, especially in the northeast of Thailand which had one-third of the population and the highest proportion of poor people, 13.05% with an average income of 45 US dollars/month. (NESDB, 2011) Incomes from agriculture and the non-agriculture sector in each household were 5170 US dollars/year on average which was the lowest compared with the Northern, Southern, and Central regions at 7092 US dollars, 10007 US dollars, and 12565 US dollars, respectively. (Office of Agricultural Economics, 2010) Therefore, this research aimed to study the direct affect of the push factors for community economy on the activities of the process on the community economy, to study the direct affect of activities in the process of the community economy to the allocation of excess profit for the community, and to study the direct affect of the push factors for the community economy to the allocation of the excess profit of the community. The size of the samples were derived from a number of career groups in successful communities in 6 provinces of northeastern Thailand: Nakhon Ratchasima, Ubon Ratchathani, Surin, Khon Kaen, Udon Thani, and Loei, by using the probability sampling technique of stratified random sampling and simple random sampling, because the target population in each province was demographically different and the career groups in each province had an equal chance of being selected, with a total of 408 respondents from 136 career groups (Waiwanichakul and Udomsri, 2005). The data was analyzed by qualitative and quantitative analysis methods.

Review of Related Literature

Markusen (2004) studied career goals in the development of regions and a community economy, and found the development of the community economy to be a complex matter, involving community labor, trade opportunities, and the impacts of globalization. Community labor is related to human capital which is increasingly important and has impacts on economic development. However, most economic development places little importance on human capital. In fact, community people or entrepreneurs are vital parts of the community economy. They can become members of career groups in the community, but success depends on good planning, practical policies, and determination of career goals, such as skilled labor, economic growth rates, clustering or grouping, participation, active support, and area potential. Three push factors for development are planning and decision making, lack of understanding in terms of local and regional abundance, especially lack of understanding in the supply chain of products, and the significance of career or professional knowledge which is necessary for selecting suitable careers. Besides, Blatchford (1994) conducted a study on joint venture and cooperation for the development of community people in Alaska, USA and found that the main strategy for joint venture was the joint setting of goals in order to develop the community economy with these common procedures: 1) the determination of practicalities and probabilities for joint ventures, 2) the government's role in supporting and encouraging community economic development, 3) the creation of job opportunities that match local skills and labor, and 4) the creation of community jobs. Nevertheless, the modus operandi

should preserve the original culture of the community. It should also be borne in mind that job creation alone is not sufficient for the sustainability of the community, but other factors, such as clean water for consumption, sanitation, education community, quality of the community, children and youth training programs, and health services are important as well. Also, Crowe (2006) examined development strategies in Washington, USA by investigating the social nature and capital. His findings suggested that the development of social capital would enable the community to develop itself better than an attempt to strengthen industry, by focusing more on necessary infrastructure that would in turn help to develop the community economy. The accessible location of the community, the ability to control the natural environment, and wide space for utilities will be beneficial in strengthening the community in the long run. More importantly, community people should be economical and environmentally conscious to bring about success in the development.

In the case of Thailand, Danthanin (1998) conducted research on 3 approaches to develop the community economy in Thailand, i.e. push factors for the community economy, the community economic process, and the excess profit of the community economy. His study revealed that successful groups of villagers involved in the community economy had excess profit after reduction of all their expenditures, and the operating committee would divide the profit to support community activities with no refunds.

Because community economic development, as mentioned above, is a major issue it is worth studying what caused those push factors. Thus, this research aimed to investigate: 1) the effects of 4 push factors for a community economy; namely, human resource development, community development, basic development of the community economy, and basic physical development; 2) how these had an effect on the allocation of excess profit for the community in the areas of education, community services, building of infrastructure, and natural restoration; and 3) to investigate if these push factors had a direct effect on the community economy's activities, i.e. production, consumption, processing, and sales. In addition, the research investigated the effects of the community's activities on the allocation of excess profits. The research focused on 6 successful communities in northeastern Thailand: Nakhon Ratchasima, Surin, Ubon Ratchathani, Khon Kaen, Udon Thani, and Loei, and the targets were career groups in these communities. From the related research studies, a conceptual framework was drawn up with the purpose of development of a community's economy in the northeast of Thailand (Figure 1).

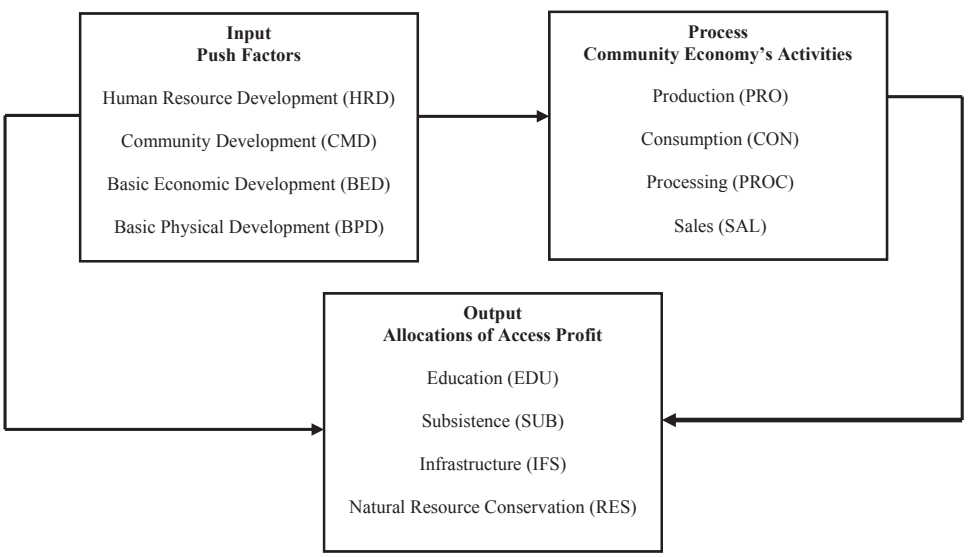

Figure 1. Research Framework for the Present Study (Adapted from Danthanin (1998))

Results

The results of this rescarch study can be summarized as follows:

Results of the Development of the Community's Economy in the Northeast of Thailand

The study showed that the majority of samples was female (74%) between 45-49 years of age (86.8%), who finished primary school level (39.2%). Their occupation was farmer (46.9%). Cloth and costumes were the majority of the products of the career groups (60%). The total income earned by the majority was between 333-667 US dollars/ month (26.4%), and each career group had 10-20 members in the group (36.8%). Most of the samples from the career groups have had training from the private and government sectors (96.1%).

The analysis of the push factors for community economy, the process of the community economy's activities, and the allocations of excess profit for the community showed that the community development push factor was high at 4.02, especially when career group members understood the importance of group participation. The process of the community economy's participation activities was high at 4.05, especially when career group members produced their products at a high quality level. Also, the allocations of the excess profit for natural restoration was moderate at 3.32, especially when career group members were concerned and participated in natural restoration (Table 1).

Results of Analysis of Factors Having Effects on Development of the Community's Economy

1) Results of the analysis using multiple regression regarding push factors for community economy that had effects on the processes of the community economy's activities can be simulated by the following Equations:

$$PRO = 0.450HRD + 0.251CMD + 0.212\ BPD \quad (1)$$
$$Adj\ R^2 = 0.570 \quad F = 108.513 \quad Sig. = 0.000$$

$$CON = 0.464HRD + 0.208BED \quad (2)$$
$$Adj\ R^2 = 0.369 \quad F = 120.093 \quad Sig. = 0.000$$

$$PROC = 0.424HRD + 0.202CMD + 0.161BPD \quad (3)$$
$$Adj\ R^2 = 0.447 \quad F = 110.759 \quad Sig. = 0.000$$

$$SAL = 0.513HRD + 0.278BED \quad (4)$$
$$Adj\ R^2 = 0.504 \quad F = 207.911 \quad Sig. = 0.000$$

where;

PRO = Production
CON = Consumption
PROC = Processing
SAL = Sales
HRD = Human Resource Development
CMD = Community Development
BED = Basic Economic Development
BPD = Basic Physical Development

From the Equations, (1), (2), (3), and (4) the results can be summarized as follows:

The effects of these 4 push factors: human resource development, community development, development of the basic community economy, and basic physical development, on the community economy's activities in 4 areas: production, consumption, processing, and sales, can be summarized from the above simulations as follows:

Production: It was found that the human resource development push factor for community economy had a direct effect on the processes of the community economy's production activity and was the greatest at 0.450, followed by the community development and basic physical development, at 0.251 and 0.212, respectively.

Consumption: It was found that the human resource development push factor for the community economy had a direct effect on the processes of the community economy's consumption activity and was the greatest at 0.464, followed by the basic community economy at 0.208.

Processing: It was found that the human resource development push factor for the

community economy had a direct effect on the processes of the community economy's processing activity and was the greatest at 0.424, followed by the community development and basic physical development, at 0.202 and 0.161, respectively.

Sales: It was found that the human resource development push factor for the community economy had a direct effect on the processes of the community economy's sales activity and was the greatest at 0.513, followed by the basic community economy at 0.278.

In summary, the analysis of the magnitude of the effects caused by the push factors on the processes of the community economy's activities showed that the human resource development push factor had the greatest effects on the processes of the community economy's activities, i.e. sales, consumption, production, and processing, at 0.513, 0.464, 0.450, and 0.424, respectively.

2) Results of the analysis using multiple regression with regard to the process of the community economy's activities that had effects on the allocations of excess profit can be simulated by the following Equations:

$$EDU = 0.234PROC + 0.396SAL \quad (5)$$
$$Adj\ R^2 = 0.309 \quad F = 91.979 \quad Sig. = 0.000$$

$$SUB = 0.176PRO + 0.417SAL \quad (6)$$
$$Adj\ R^2 = 0.291 \quad F = 84.717 \quad Sig. = 0.000$$

$$IFS = 0.125PRO + 0.143PROC + 0.334SAL \quad (7)$$
$$Adj\ R^2 = 0.268 \quad F = 50.544 \quad Sig. = 0.000$$

$$RES = 0.381PRO + 0.212PROC \quad (8)$$
$$Adj\ R^2 = 0.290 \quad F = 84.243 \quad Sig. = 0.000$$

Table 1. Results of analysis of development factor of the community's economy

Item	Mean ($\overline{X}$)	S.D.	Operational level
Input Push Factors			
Human Resource Development (HRD)	3.98	0.527	High
Community Development (CMD)	4.02	0.651	High
Basic Economic Development (BED)	3.54	0.755	High
Basic Physical Development (BPD)	3.37	0.893	Medium
Process of Community Economy's Activities			
Production (PRO)	4.05	0.627	High
Consumption (CON)	3.67	0.713	High
Processing (PROC)	3.84	0.855	High
Sales (SAL)	3.46	0.717	High
Output of Allocations of Access Profit			
Education (EDU)	2.77	0.981	Medium
Subsistence (SUB)	2.56	1.003	Low
Infrastructure (IFS)	2.41	1.005	Low
Natural Restoration (RES)	3.32	1.014	Medium

Source: From calculation.

where;
EDU = Education
SUB = Subsistence
IFS = Infrastructure
RES = Natural Restoration
PRO = Production
PROC = Processing
SAL = Sales

From the Equations, (5), (6), (7), and (8) the results can be summarized as follows:

The effects of these 4 push factors on the process of the community economy's activities: production, consumption, processing, and sales, on the allocations of access profit for the community in 4 areas: education, community services, public utilities, and natural resource conservation, can be summarized from the above simulations as follows:

Education: It was found that the process of the community economy's sales activity had a direct effect on the allocations of excess profit for education and was the greatest at 0.396, followed by processing at 0.234.

Subsistence: It was found that the process of the community economy's sales activity had a direct effect on the allocations of excess profit for community services or subsistence and was the greatest at 0.417, followed by processing at 0.176

Infrastructure: It was found that the process of the community economy's sales activity had a direct effect on the allocations of excess profit for public utilities or infrastructure and was the greatest at 0.334, followed by processing and production, at 0.143 and 0.125, respectively.

Natural resource conservation: It was found that the process of the community economy's production activity had a direct effect on the allocations of excess profit for natural resource conservation and was the greatest at 0.381, followed by processing, at 0.212.

In summary, the analysis of the magnitude of the effects caused by the process of the community economy's activities on the allocations of excess profit showed that; the process of the community economy's sales activity had the greatest effect on the allocations of excess profit for community services or subsistence, education, and constructions of public utilities or infrastructure, at 0.417, 0.396, and 0.334, respectively, whereas the process of the community economy's production activity had the greatest effect on the allocations for natural resource conservation, at 0.381. However, the process of the community economy's consumption activity had no dire effect on the allocations of excess profit.

3) Results of the analysis using multiple regression regarding push factors for the community economy that had effects on the allocations of excess profit can be simulated by the following Equations:

$$EDU = 0.320HRD + 0.177BED + 0.130BPD \quad (9)$$
$$Adj\ R^2 = 0.273 \quad F = 51.840 \quad Sig. = 0.000$$

$$SUB = 0.278HRD + 0.182BED + 0.232BPD \quad (10)$$
$$Adj\ R^2 = 0.320 \quad F = 64.948 \quad Sig. = 0.000$$

$$IFS = 0.304HRD + 0.321BPD \quad (11)$$
$$Adj\ R^2 = 0.276 \quad F = 78.724 \quad Sig. = 0.000$$

$$RES = 0.279CMD + 0.434BPD \quad (12)$$
$$Adj\ R^2 = 0.354 \quad F = 112.578 \quad Sig. = 0.000$$

where;
EDU = Education
SUB = Subsistence
IFS = Infrastructure
RES = Natural Restoration
HRD = Human Resource Development
CMD = Community Development
BED = Basic Economic Development
BPD = Basic Physical Development

From the Equations, (9), (10), (11), and (12) the results can be summarized as follows:

The effects of these 4 push factors: human resource development, community development, development of the basic community economy, and basic physical development, on the allocations of excess profit for the community in 4 areas: education, community services, public utilities, and natural resource conservation, can be summarized from the above simulations as follows:

Education: It was found that the human resource development push factor for community economy had a direct effect on the allocations of excess profit for education and was the greatest at 0.320, followed by development of the basic community economy and basic physical development, at 0.177 and 0.130, respectively.

Subsistence: It was found that human the resource development push factor had a direct effect on the allocations of excess profit for subsistence or community services and was the greatest at 0.278, followed by basic physical development and development of the basic community economy, at 0.232 and 0.182 respectively.

Infrastructure: It was found that the push factor of the basic community economy had a direct effect on the allocations of excess profit for infrastructure or public utilities and was the greatest at 0.321, followed by the push factor of human resource development, at 0.304.

Natural resource conservation: It was found that the push factor of basic physical development had a direct effect on the allocations of excess profit for natural restoration or natural resource conservation and was the greatest at 0.434, followed by the push factor of community development, at 0.279.

In summary, the analysis of the magnitude of effects caused by the push factors on the allocations of excess profit showed that the push factors for the community economy had an effect on the allocations of excess profit; the human resource development push factor had the greatest effect on the allocations of excess profit for education and construction of public utilities or infrastructure, at 0.320 and 0.304, respectively, whereas the push factor of basic physical development had the greatest effect on the allocations for natural resource conservation and construction of public utilities or infrastructure, at 0.434 and 0.321 respectively.

Conclusions

The push factor of human resource development for the community economy had an effect on the training for the economic leadership of the community, community members, and the concerned workers in the economic development

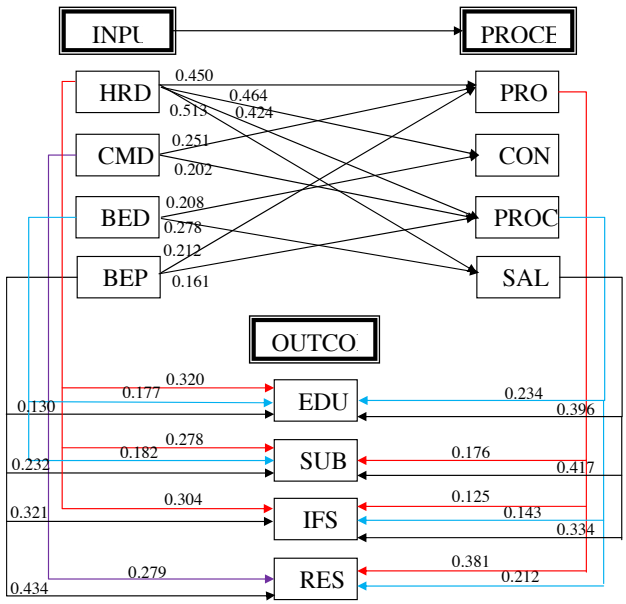

Figure 2. Results of analysis of factors having effects on development of the community's economy

in the community, resulting in the career groups' ability to allocate their excess profit as investment capital for new graduates, assistance and medical treatment for elder people, and suitable activities for handicapped people. Additionally, the career groups can allocate their excess profit to support education in the forms of learning materials, such as textbooks, sports equipment, and other types of learning tools.

The push factor of basic physical development, especially for developing and improving mains water and roads in the community for both consumption and production purposes, had an effect on the allocations of excess profit to arrange awareness raising activities for natural conservation, such as the digging and cleaning of canals within the community, reforestation, and maintaining cleanliness by providing dustbins or incinerators to dispose of waste materials in villages.

The total income earned by the community's participation in producing and developing their products was allocated for community services or subsistence, education, public utilities, and natural resource conservation. Thus, training for career group members and for concerned workers on how to know and implement the strategies of marketing elements: product, price, place, and promotion, can increase incomes for the career groups because the selling activity of the community's economy had the highest effect on the allocations of excess profit for the community. Mobilizing rural communities to support the career groups increases the income of a community and increases employment from their products by selling them to the customers. Also, there will be advantages for people to have a higher standard of living from the career groups.

However, career groups will be formed in the community with different interests and characteristic responses to the economic development. Thus, career groups should join together to develop their products by using the marketing strategies which are related to the customers' satisfaction.

Using E-commerce for new marketing channels, especially English and Thai language websites with attractive designs will lead to customers making decisions to purchase products from the career groups. However, E-commerce marketing or digital marketing will only be successful if career groups produce standard quality products.

The government sector should subsidize training for the concerned workers on knowing how to participate as career consultants for marketing, production, administration, and finance in the community. If the above training fails to succeed, the government should change policy to use outsourcing services from the private sector.

However, people in the rural community should not neglect their main agricultural occupation, which is their major income source and way of life. They should also share their excess profit with the community in the areas of education, community services, public utilities, and natural resource conservation and restoration, for the success of the community economic development and the welfare of the community people as a whole.

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