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Poverty Reduction Through Community Enterprises in Thailand

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| Peer Review Information | Abstract |
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| <p><i>Submission: 21 Jan 2025</i> <i>Revision: 20 Feb 2025</i> <i>Acceptance: 15 March 2025</i></p> <p>Keywords</p> <p><i>Poverty Reduction</i> <i>Community Enterprise</i></p> | <p>This article examines the issue of poverty in Thailand and proposes solutions through the principles of community enterprises. The focus is on promoting self-reliance among individuals by encouraging them to produce and sell their products. This approach integrates efforts from the government, civil society, and the private sector to develop a grassroots economy that achieves stability, prosperity, and sustainability. To enable people to access government policies and budgets for funding, tools for innovation and production, as well as knowledge resources—such as research, packaging development, and marketing promotion.</p> <p>This study found that implementing these principles positively impacts communities. It leads to increased incomes, improved diets, and a sense of warmth within families through career development driven by community enterprises. A model called the BSSC (Budget, State Policy, Social and Economic Conditions, Network Coordination) was developed to demonstrate the importance of driving sustainable community enterprises. This model highlights that all four elements must work in harmony to effectively tackle poverty issues in Thailand.</p> |

Introduction

Poverty persists as a significant social issue in Thailand, remaining prevalent despite ongoing economic development. The factors contributing to this pervasive problem are multifaceted and systemic, complicating the government's efforts to eliminate poverty. Notably, the disparities in poverty rates highlight regional differences, with the northern and northeastern regions exhibiting particularly high poverty levels.

While Thailand's GDP per capita has shown a consistent upward trajectory, this economic growth has not translated into equitable income

distribution among various demographic groups. This uneven allocation exacerbates the socioeconomic divide, challenging the efficacy of current poverty alleviation strategies. To address this urgent issue, the government must implement targeted interventions that facilitate self-sufficiency among impoverished populations, particularly in the regions most affected. A comprehensive approach is necessary to ensure that the benefits of economic growth are accessible to all segments of society.

The economic status of people in Thailand varies greatly. A small number of wealthy individuals,

including high-ranking government officials and large landowners, significantly contrast with others in the economy. There are also small and medium business owners who earn high incomes. In contrast, those with moderate incomes can support a basic livelihood, while many of the poor face uncertain economic conditions. (Phattharaphon Phaengthai, 2019, p. 62).

Farmers, in particular, struggle as the prices of agricultural products decline. They often find their expenses exceed their income, which contributes to an increasing number of impoverished individuals. This issue of poverty in Thai society is worsening, highlighting a growing disparity between the rich, the poor, and the middle class. Ultimately, this widening economic gap poses a threat to the stability of the country.

The government has announced a policy to support the budget aimed at addressing the issue of revolving funds in villages. Each village will receive support of either 280,000 baht or one million baht for their fund. Villagers can borrow from this fund to address their financial needs and to establish savings for production. Despite the promotion of savings to create a revolving cash reserve, many members have borrowed funds and used them in ways that do not align with the intended objectives. As a result, when repayment time arrives, they are unable to return the borrowed amounts, leading to the cessation of operations for nearly every village fund.

Since the outbreak of the COVID-19 pandemic, Thailand has experienced a significant economic downturn, exacerbating pre-existing levels of poverty within communities. In response, there has been a concerted effort to revitalize traditional occupations by integrating them with contemporary food development practices. This initiative aims to enhance the economic viability of these professions while simultaneously establishing a distinct culinary identity rooted in local culture and wisdom.

The formation of a professional development group at the sub-district level is a critical step towards improving product quality and increasing community income. The focus is on processing locally sourced raw materials through advanced preservation techniques that ensure safety and quality for consumers. By organizing as a community enterprise, these stakeholders are working collectively to address local challenges and foster self-sufficiency. This entity, titled "Thailand Food Processing Community Enterprise," seeks to empower its members

economically while adhering to the principles of sustainable development.

However, there remains a gap in fostering synergistic collaborations with government agencies, private sector stakeholders, and civil society. These partnerships are essential for creating a robust framework for community enterprise development, guided by the philosophy of a sufficiency economy, which aims to promote long-term sustainability and resilience within the community.

Causes Of Poverty

The economy has been in decline for a long time. Agricultural products are sold at low prices, but production costs remain high, including expenses for fertilizers and medicines, which result in losses almost every year. This leads to insufficient income for many families.

To maintain social status and prestige, some individuals may resort to borrowing money, which can lead to a cycle of debt. This often drives them toward vices such as gambling. When they become bankrupt, they may turn to drugs for escapism. Unfortunately, this lack of time and attention for their children contributes to a cycle where the children become addicted to drugs and may even become drug dealers themselves, leading to further issues and unemployment. Unemployment has also been exacerbated by the COVID-19 pandemic. Many people lost their jobs as businesses shut down, while agricultural products lacked a market for sale. Government policies often fail to effectively reach the poor, leaving many without support. Additionally, some families do not have arable land and live on land without title documents. Wealth is typically divided among heirs in extended families, resulting in insufficient resources for sustainable living. Moreover, many individuals are unable to seek employment elsewhere due to low education levels and a lack of knowledge.

Guidelines For Alleviating Poverty

To alleviate poverty effectively, it is essential to mobilize professional groups to establish community enterprises, thus stimulating the local economy, generating employment opportunities, and producing income within the community. This initiative aligns with the broader concept of sustainable development, which mandates the active participation of various stakeholders, including government agencies, private sector entities, and civil society organizations. The objective is to tailor development initiatives to the

specific needs of the community, thereby ensuring that these requirements are integrated into local planning and development strategies.

The framework for these efforts is informed by the Community Enterprise Promotion Act B.E. 2548 and its subsequent amendment, No. 2, B.E. 2562. Furthermore, it draws on the philosophy of a sufficiency economy, as articulated in the royal initiatives of His Majesty King Rama IX. This philosophy emphasizes a balanced approach grounded in Thai cultural values and provides a pivotal guideline for local development that embodies moderation and prudent resource management.

Implementing community enterprises requires a balanced approach to community economic development, adhering to principles such as moderation, reasonableness, and building a robust internal immune system. Decision-making must be informed by knowledge, exercised with prudence, and anchored in ethical considerations to respond effectively to challenges posed by socio-economic changes.

Aligned with the Sustainable Development Goals (SDGs), particularly Goal 1, which focuses on eradicating all forms of poverty, and Goal 2, which promotes food security and sustainable agriculture, we must also consider Goal 14 concerning the sustainable utilization of marine resources. Encouraging the development of community enterprises manifests itself in impoverished populations becoming socially proactive in addressing their poverty-related challenges. By fostering a collective vision, community members can collaboratively drive local economic initiatives and establish robust social systems that enhance quality of life.

A vital component of phasing these initiatives into action is articulated through the "BSSC Model," consisting of four interconnected elements:

1. Budget (B) - Financial resources allocated for community initiatives.
2. State Policy (S) - Government policies that support community enterprise development.
3. Social and Economic Conditions (S) - The prevailing socio-economic environment influencing enterprise viability.
4. Network Coordination (C)- Collaboration among stakeholders to ensure alignment and resource sharing.

For the BSSC Model to be effective, these four components must operate synergistically, promoting a cohesive strategy for sustainable community enterprise development.

1. Budget Factor (B)

1.1 Procurement of Funding Sources: The preparation of a community enterprise development plan is vital for securing support from government agencies. This involves coordinating with integrated agencies at the provincial level to outline the community's needs to potential supporters from both the government and private sectors. Such efforts are crucial in strengthening the community enterprise group. Establishing a thorough development plan provides a long-term funding pathway.

1.2 Reducing Production Costs: Seeking external support for production tools, materials, and equipment is key to enhancing liquidity within community enterprises. By lowering production costs, these enterprises can offer products at more competitive prices compared to standard industrial offerings. This enables them to capture a broader market share.

1.3 Requirements for Materials, Equipment, and Technology: Collecting and analyzing data to identify the needs for materials, equipment, and modern technology is essential. This process involves blending traditional community knowledge with contemporary innovations, which is necessary for improving self-management within community enterprises.

1.4 Limited Use of Resources: It's important to optimize the use of limited community resources while ensuring that these resources are not overlooked. Sustainable resource management can help preserve community value. Leveraging abundant local resources—such as seafood, mangroves, and forests—can lead to alternative production and distribution methods that maximize profits.

1.5 Fundraising from Members: Fundraising among members is critical for financing community enterprise operations. A portion of the capital for goods and services should come from internal group financing, allowing members to invest jointly in initial governance. This promotes a sense of ownership among all participants.

2. State Policy Factors (S)

2.1 Addressing Local Poverty and Social Inequality

The state policy aims to alleviate poverty and social inequality prevalent at the local and regional levels, affecting many citizens across the country. Despite having employment opportunities, many individuals face insufficient income, lack of knowledge, loss of assets, and limited access to governmental support systems. This creates

disparities within communities, where some individuals can achieve stable livelihoods while others cannot. To mitigate this, it is essential to mobilize professional groups to drive community development and enhance grassroots economies. This aligns with governmental objectives focused on poverty alleviation and social equity, which include promoting community entrepreneurship by leveraging local raw materials, resources, and indigenous knowledge. Initiatives must be supported through capacity-building programs provided by government and non-governmental organizations (NGOs) to foster community enterprises. Such support encompasses various facets, including product innovation, service management, funding, marketing, and packaging.

2.2 Implementing the Sufficiency Economy Philosophy

The adoption of Sufficiency Economy Philosophy, based on the royal initiatives of His Majesty King Rama IX, is prominent among community members. This philosophy serves as a culturally grounded framework for development, advocating a balanced approach that promotes sustainable practices. It encourages communities to establish enterprises through self-empowerment, enhancing their ability to produce and market goods independently. Support from government entities, the private sector, and civil society is crucial for fostering integration and facilitating the production of high-quality products. Emphasis is also placed on achieving product standard certification marks to cater to both local and international market demands.

2.3 Enhancing Community Enterprise Management

Effective management is vital for the transition of community enterprises from suboptimal states to successful entities capable of sustaining community development. By systematically applying management principles, these enterprises can improve operational efficiency. The implementation of best practices according to royal guidelines fosters an environment where community members can independently produce and market their goods. Such initiatives not only ensure quality but also standardization, making products competitive in both domestic and international markets.

2.4 Promoting Community Savings

Government policy advocates for the establishment of community savings initiatives, encouraging households to allocate a portion of their income toward savings, which can subsequently be used for future investments.

Community members can also contribute products to savings pools, enhancing collective investment capacity. A notable example is the food processing community enterprise in Tha Khoei sub-district, which has successfully leveraged the fermentation process of shrimp paste. This traditional method, requiring over six months for optimal flavor and quality, allows the community to sell the products at premium prices, improving overall income levels for members.

2.5 Problem Solving Through Community Enterprises

Income insufficiency and rising expenditures present significant challenges within communities. Community enterprises serve as viable solutions by harnessing local raw materials to generate products and services. The state's policy framework facilitates research and evaluation to drive community enterprise initiatives toward tangible outcomes. This enables the establishment of a robust foundational economy, fostering small and medium-sized enterprises that are competitive within a globalized marketplace. Integrated support from government agencies is essential to enhance the capacity of these enterprises, reinforcing their role as fundamental economic units capable of self-development and contributing to communal well-being.

3. Factors relating to social and economic conditions (S)

3.1 Using Digital Technology to Develop Community Potential

In today's fast-paced digital landscape, keeping up with modern communication systems can be challenging. However, every business now leverages digital technology to enhance community potential, optimizing production and distribution processes tailored to community enterprises, which facilitates successful product sales and exchanges.

3.2 Preparing for Digital Transformation

To align with government initiatives aimed at fostering a digital economy (Thailand 4.0), community enterprises must embrace digital technology. This involves empowering individuals through education and equipping them with the skills to utilize digital tools effectively. Knowledgeable trainers from educational institutions and organizations play a crucial role in providing training that benefits community enterprises and enhances their operations.

3.3 Community Participation in Enterprise Development

Driving community enterprise development begins with local participation, given that community members have firsthand knowledge of their economic challenges. Participation can be categorized into two types:

1) Internal Participation: Involvement from within professional groups.

2) External Participation: Collaborating with various organizations, including government bodies, the private sector, and civil society, to improve product value and expand marketing channels. This collaborative effort creates jobs and income opportunities, strengthens community economies, fosters unity, and contributes positively to the overall well-being of society, reflecting on the national economy.

3.4 Gender Equality in Community Enterprises
Despite legal equal rights for all genders, community enterprises often witness a predominance of women in operational roles. Women frequently bring greater expertise and knowledge to these enterprises, positioning them as pivotal drivers of success within these organizations.

3.5 Support from Local Government Organizations

Local government organizations play a vital role in providing support and addressing challenges faced by communities, especially during economic downturns. As the closest governmental entities to the populace, they are best positioned to understand local conditions and respond effectively. By coordinating development strategies and guidelines, these organizations can drive collective efforts toward a more promising future for Thailand.

4. Network Coordination Factor (C)

4.1 Research Support Network

The Research Support Network fosters collaboration among network partners to facilitate the development of community enterprises. Community leaders are integral in guiding research initiatives that empower villagers to take on the role of researchers within their own communities. This approach emphasizes the importance of addressing prevalent community issues through information gathering and analytical processes that lead to self-management strategies. By leveraging support from relevant local and external partners, communities can work collaboratively to address their challenges. The emphasis on participatory research enhances the capacity of community enterprises, ensuring that each operational step fosters engagement and a

sense of ownership among community members. The expectation is not for the community to passively await assistance from external entities; rather, it encourages active involvement in addressing local issues.

4.2 Innovation Support Network

The Innovation Support Network collaborates with partners to advance innovation aimed at enhancing product quality and elevating community enterprise standards to achieve product certification. In the context of a competitive modern economy, obtaining product standard marks is vital for sustaining long-term business viability. Innovation encompasses the enhancement or substitution of processes, products, or services, encapsulating a broader ethos of renewal and modernization. This involves the introduction of new methodologies and techniques to develop successful concepts that generate added value. Community enterprises are urged to pursue production innovations that empower them to produce high-quality goods capable of competing effectively in the marketplace.

4.3 Business Support Network

The Business Support Network recognizes the intricate relationship between business activities and their environmental impacts within the community. The extraction and utilization of natural resources, which are often finite, can exacerbate environment-related issues during the production process. A thorough analysis of the value chain reveals the significant environmental implications at every stage—from raw material sourcing to marketing, consumer usage, and ultimately waste management and pollution, including greenhouse gas emissions. Therefore, businesses must adopt a socially responsible stance by actively supporting community initiatives. Adherence to environmental regulations and engagement with community stakeholders are paramount for promoting sustainable practices. It is essential for community leaders to facilitate integration between the business sector and support from governmental and civil society organizations. This collaboration should aim to empower community enterprises to develop actionable plans that align with policies promoting economic growth while maintaining environmental sustainability.

4.4 Linking Between Partners

Effective implementation hinges on establishing robust linkages among network partners. This system of coordination includes a collaborative network of professionals and

organizations working together to achieve shared objectives. It involves voluntary information exchange and joint activities aimed at fostering collective initiatives. For instance, a coordinated effort can enhance support for farmers by facilitating access to government resources for training in areas such as management, accounting, technology transfer, and marketing. Networking enhances negotiation capabilities, thus empowering community enterprises. A unified approach that incorporates participatory planning, collective action, and equitable benefit-sharing can catalyze leadership development and foster a spirit of cooperation among network members.

4.5 Knowledge Support Network

In the Knowledge Support Network, community leaders act as coordinators to facilitate knowledge transfer to community enterprises. This involves collaboration with integrated agencies and liaising with government bodies and academic institutions to consolidate and disseminate information and expertise that may be fragmented. By harnessing available resources and knowledge from these agencies—whether in person or through documentation—communities can enhance their operational knowledge and capacity, thereby supporting the overarching goal of community enterprise development.

The BSSC model emphasizes the critical role of community leaders in driving sustainable community enterprises aimed at addressing poverty issues. This model is built upon four essential components:

1. Budget (B) - Adequate funding is necessary to support initiatives.
2. State Policy (S) - Supportive policies are needed to foster development and sustainability.
3. Social and Economic Conditions (S) - Understanding the local context is vital for effective solutions.
4. Network Coordination (C)- Collaboration among various stakeholders enhances resource sharing and effectiveness.

For the BSSC model to be successful, these four components must work in harmony, enabling community leaders to effectively implement strategies that lead to sustainable solutions for poverty alleviation.

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