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# Business Administration and Accounting Process Improvement for the Community Enterprises in Sansalee Sub-District, Wiang Pa Pao District, Chiang Rai Province

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## Abstract

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This research aims to improve production and marketing for the community enterprises (community enterprises group of 5 products consisting of healthy herbal drink group, universal solution group, door mat and sleeping hammock group, broom grass and weaving group, and Moo 6 hill tribe embroidery group) and to develop suitable accounting system for community enterprises in Sansalee Sub-District, Wiang Pa Pao District, Chiang Rai Province. Research methodology was conducted as Participatory Action Research. Observation form, In-depth interviews, small group meeting were used as research instrument. Qualitative data analysis was conducted through Content Analysis.

### Results:

Community enterprises in Sansalee Sub-District was established from the gathering of members who are interested to create products which generate additional income for their families, utilize their free time, and reduce household expenses. For their operation, most of them are producers and sell their own products. For the accounting aspect, accounting record is conducted by a member of the community enterprises, which just started doing the accounting less than 1 year, without any accounting training. Accounting records are mostly written in a cash book.

Product development of each community enterprises are conducted and analyzed with the participation of the members and recognized themselves as community enterprises with good production capabilities. Group leader has the management capability which strengthen and unite the group with clear discipline and compliance.

Group management is clear and transparent, marketing strategies were to provide variety of products and quality improvement to serve market needs. After the launch of the product into the market, return on investment was evaluated at 20 - 35 percent.

For the development of suitable accounting system for community enterprises, meetings were conducted to discuss within the group on the needs and problems on the accounting bookkeeping. The community enterprises have problems on the tools and equipment to conduct accounting bookkeeping, followed by inadequate accounting fundamentals, and lack of support/advice from related organizations. Therefore, courses are planned to train the members and accountants of the group to improve their accounting knowledge and skills. The members are informed on the benefit of accounting, with understanding and capability to conduct accounting accurately, appropriately, and efficiently.

**Key Words** : Improvement, Administration Process, Accounting, Community Enterprises

### บทคัดย่อ

การวิจัยมีวัตถุประสงค์เพื่อพัฒนาการผลิตและการตลาดของกลุ่มวิสาหกิจชุมชน (กลุ่มวิสาหกิจชุมชน 5 กลุ่ม ประกอบด้วยกลุ่มน้ำสมุนไพรเพื่อสุขภาพ กลุ่มน้ำยาเอนกประสงค์ กลุ่มผลิตภัณฑ์เคหะและเปลนอน กลุ่มผลิตภัณฑ์ไม้กวาดดอกหญ้าและจักสาน กลุ่มผ้าปักชาวเขาหมู่ 6) และเพื่อพัฒนาการจัดทำระบบบัญชีที่เหมาะสมของกลุ่มวิสาหกิจชุมชน ตำบลสันสลี อำเภอเวียงป่าเป้า จังหวัดเชียงราย วิธีการศึกษาโดยใช้การวิจัยเชิงปฏิบัติการแบบมีส่วนร่วม (Participatory Action Research : PAR) เครื่องมือที่ใช้ในการวิจัยประกอบด้วยแบบสังเกต แบบสัมภาษณ์เจาะลึก ประเด็นการประชุมย่อยและวิเคราะห์ข้อมูลเชิงคุณภาพโดยการวิเคราะห์เนื้อหา (Content Analysis)

ผลการวิจัย พบว่า

กลุ่มวิสาหกิจชุมชนในตำบลสันสลี มีการรวมกลุ่มขึ้นมาจากความสนใจในการทำผลิตภัณฑ์เป็นอาชีพเสริมภายในครอบครัวและใช้เวลาว่างให้เป็นประโยชน์ ลดรายจ่ายภายในครัวเรือน การดำเนินงานส่วนใหญ่เป็นผู้ผลิตและจำหน่ายเอง สำหรับสภาพการจัดทำบัญชี สมาชิกกลุ่มวิสาหกิจชุมชนเป็นผู้จัดทำบัญชีของกลุ่ม ผู้จัดทำบัญชีเพิ่งเริ่มการจัดทำบัญชีในช่วง 1 ปี ไม่เคยได้รับการอบรมการจัดทำบัญชี การบันทึกบัญชีด้วยมือจัดทำสมุดเงินสดมากที่สุด

การพัฒนาผลิตภัณฑ์ของแต่ละวิสาหกิจชุมชน สมาชิกได้มีส่วนร่วมดำเนินการและวิเคราะห์ผลิตภัณฑ์ของกลุ่มวิสาหกิจชุมชนว่าเป็นกลุ่มวิสาหกิจชุมชนที่มีความสามารถในการผลิต ผู้นำมีความ

สามารถในการบริหารจัดการ ทำให้กลุ่มมีความเข้มแข็งและสามัคคี มีระเบียบกลุ่มที่ชัดเจนและสมาชิกปฏิบัติตาม การบริหารมีความชัดเจนและโปร่งใส ได้วางแผนกลยุทธ์ทางการตลาดพัฒนาผลิตภัณฑ์ให้หลากหลายและมีคุณภาพมากขึ้นตอบสนองความต้องการของตลาด และเมื่อนำผลิตภัณฑ์ออกสู่ตลาดและประเมินผลตอบแทนจากการลงทุนได้ร้อยละ 20-35

การพัฒนาการจัดทำบัญชีที่เหมาะสมของกลุ่มวิสาหกิจชุมชนได้มีการประชุม ปรึกษาหารือกันเกี่ยวกับความจำเป็นและปัญหาในการจัดทำบัญชีของกลุ่มวิสาหกิจชุมชนที่สำคัญได้แก่ ปัญหาด้านอุปกรณ์เครื่องมือที่ใช้ในการปฏิบัติงานบัญชี รองลงมาปัญหาด้านสิ่งจำเป็นในการจัดทำบัญชี และปัญหาด้านความช่วยเหลือ/คำปรึกษาจากหน่วยงานต่างๆ จึงได้วางแผนการฝึกปฏิบัติให้กับสมาชิกและผู้จัดทำบัญชีของกลุ่มเพิ่มพูนความรู้และทักษะในการจัดทำบัญชี รวมถึงชี้แจงให้ทราบถึงประโยชน์ของการจัดทำบัญชีให้สมาชิกได้มีความรู้ ความเข้าใจในระบบบัญชี และสามารถบันทึกข้อมูลได้อย่างถูกต้อง เหมาะสมและมีประสิทธิภาพ

**คำสำคัญ :** การพัฒนา กระบวนการจัดการ การจัดทำบัญชี กลุ่มวิสาหกิจชุมชน

## 1. Introduction

Thailand's development under the sustainable economy concept is centered on human development. Strategic development goal is for the people to live peacefully alongside sustainable economic growth. In order to react with the evolving situation, both domestic and internationally, it is necessary to develop the community to be self-dependent. This will be the pathway to solve the problems and form a foundation for development in all aspects. From the Reflection on Strength of Community (Office of Community Based Health Care Research and Development, 2013), strength is determined and perceived by the community where the development should focus on the survival of the community with sufficiency in terms of economy, society, politics, and health. The development should create bargaining power for the community to freely bargain internally among themselves, externally with other groups, or related organization. The strength of the community relies on the learning process which needs to be developed to benefit all members. Members need to be open-minded, exchanging opinions, accepting experimental risks for new development, as well as self-development. There should be recognition reward for the members who contribute to the development. (Somwang Witayapanyanond, 2005)

Community needs to learn, develop, and adapt themselves to cope up with evolving society. Sansalee sub-district community wishes to develop their own community to become a good governance community, a land of Dhamma and gold, creating happiness and generate self-dependent income. Community enterprise groups were established within their village. Years ago, the community enterprise groups received funding to support community products. Some enterprises obtained capital from self-funding, and some acquired the funding from loans. Some enterprises were successful and some were not, resulted in losses and unpaid debt. Since then, some members discontinued the business. Only those who adapt for survival still remain. From the field survey within Sansalee sub-district, there are development groups for female, elders, who belong to community enterprises. They can create abundance of goods but they lack merchandising channels, lack of supporting market, resulted in losses. Mostly they sell products to people within the community. They wait for product exhibitions held by governmental sectors as an opportunity to sell more products. Furthermore, they lack product development, products not conforming to standards, and subsequently not acceptable to consumers. On the production aspects, they lack inspection and quality control. There is no accounting system for the community and therefore, unable to calculate production cost. This lack of information prevents them from future development.

Recently, management of Sansalee sub district administrative organization has a policy to provide funding support to the community enterprises. They evaluated the prospective products to receive their support. Administration process including production and marketing of the community products were evaluated on how to improve or adapt to the current situation. Cooperation from local administrative organization and accounting office of Chiang Rai Rajabhat University were established to realize the policy into participative implementation. Management policy was discussed to truly develop the community enterprises, by creating desirable characteristics to the community enterprises effectively and efficiently. Continuous evaluation was conducted to ensure the development and solve community problems. They set their own goals as a clear pathway toward development of happy community. Enterprises purposefully learn through joint exchanges of information. Strengths, weaknesses, opportunities, and threats concerning the community development were evaluated. Guidelines for community problem solving were developed appropriately and thor-

oughly. Group members practiced to become thinkers and decision makers, who can effectively plan for resource or funding management within the community, ensuring fair share of benefit for all members. As a result, good attitude, care, and values were developed, enabling their children to grow up and develop their community further in the future.(Department of Agricultural Extension, 2005)

This research found that community enterprises have good production and marketing management, as well as community accounting system. These can effectively help the community enterprises to respond to market needs. In terms of integrated project framework, the community enterprise members collaborate with related organization with a clear direction and targets. Tasks for development were assigned, including preventive and corrective action for problem solving within the community. The objectives of the community enterprise promotion are to develop them according to objectives, strengthen the community enterprises through production and marketing management, as well as establishing database for community products, set strategies, create management plan and develop the members. From the consultative session with the group leader, the framework for business administration and accounting process improvement were discussed for the community enterprises within Sansalee sub-district, Wiang Pa Pao district, Chiang Rai province.

This research plan are divided into two sub-projects which aimed to study business administration and accounting process improvement applicable to community enterprises in Sansalee Sub-District, Wiang Pa Pao District, Chiang Rai Province. Two research missions were considered as follows:

1. Production and marketing improvement for the community enterprises in collaboration with Sansalee sub-district administration organization: There are existing community enterprises which can be developed further. They have the potential to learn, creatively develop new products. With their readiness to learn and good leadership, they should be educated on product development to generate more income and create high quality standard products to serve general consumers within the studied areas.

2. Accounting process improvement: The Ministry of Agriculture and Cooperatives is interested in the proactive concept where the original and modern accounting concepts are adapted together for the purpose of establishing production database of community enterprises. Through this database, they would be able to acquire informa-

tion on costing and profit which will enable them to set fair pricing strategy for their products. Fair pricing is the acceptable price for the customer, and at the same time, generate satisfying income to community enterprises. The following concepts were applied i.e. costing calculation, evaluating profit and loss, investment risk management, incentive for members to work cooperatively with the leader for the survival of their community enterprises. They can generate more sales from community products, resulting in self-dependency.

## 2. Research Objectives

The research framework consists of 2 sub projects which, ultimately, having 2 objectives as follows:

1. To improve production and marketing process for the community enterprise within Sansalee sub-district, Wiang Pa Pao district, Chiang Rai province (community enterprises group of 5 products consisting of healthy herbal drink group, universal solution group, door mat and sleeping hammock group, broom grass and weaving group, and Moo 6 hill tribe embroidery group)
2. To develop suitable accounting system for community enterprises in Sansali Sub-District, Wiang Pa Pao District, Chiang Rai Province.

## 3. Research Methodology

This research was conducted as a Participatory Action Research (PAR). Data was collected from related documents, ideas, theories and related studies on the topics of production and marketing improvement for the community enterprises as well as suitable accounting process for Sansalee sub-district, Wiang Pa Pao district, Chiang Rai province.

### Population

Population of this study was the population of community enterprise members in Sansalee sub-district, Wiang Pa Pao district, Chiang Rai province. They registered in Sansalee sub-district community enterprise 5 group at 47 persons. (Sansalee sub-district Administrative Organization, 2015) The community enterprises group of 5 products consisting of healthy herbal drink group, universal solution group, door mat

and sleeping hammock group, broom grass and weaving group, and Moo 6 hill tribe embroidery group

Target group was selected from the population of community enterprise members. The samples were taken from 20 persons, using purposive sampling method. (Thanint Silpjaru. 2007)

Research instruments used were meetings and debating forum. Period of study was 8 months between October 2015 to May 2016.

#### **Data Collection**

Data collection was conducted as follows:

1) Secondary data collection was collected from available general information such as conditions of community, problems, etc.

2) Primary data collection was collected from observation, surveys, forums, learning process, training, meetings, and seminars involving related people.

Data from the observations, surveys, and debating forums, small group meetings were analyzed using Content Analysis technique to classify and synthesize according to research objectives.

## **4. Research Results**

### **4.1 General Information and the Current State of Accounting Process for Community Enterprises within Sansalee sub-district, Wiang Pa Pao District, Chiang Rai Province**

Sansalee sub-district community enterprises were established from the group of people who have the same interest to produce goods which generate additional household income and utilizing their free time, reducing household expenses. For the business operation, mostly they produce and sell by themselves. For the state of accounting process, members of the community enterprises conducted the accounting process on their own which just started around 1 year. They have not been trained on accounting. They record manually, mostly on the cash book.

### **4.2 Product Development of Each Community Enterprises**

It was found that the community enterprises participated in the activities by setting the implementation framework which consists of support and promotion, action planning, execution and observation, performance review and reflection.

Members of community enterprises were interested and ready to participate in the forum, joint learning on the production of community enterprises. Group discussion on production management was focused on 3 topics i.e. planning and production, process inspection, and production process improvement. Group discussion on marketing management was focused on 4 areas i.e. Products, Pricing, Place or merchandising channels, and Promotion. Strengths, Weaknesses, Opportunities, and Threats were analyzed through SWOT analysis which can be summarized as follows:

**Strengths** : Most community enterprises have the production capability and source raw materials locally. They have the group president which is very capable of business administration which strengthen the group and good unity. The group has clear discipline and members follow them. Management style is clear and transparent. They can create products according to several quality standards such as OTOP, etc.

**Weaknesses** : Most community enterprises lack the skilled and experienced workers. In terms of new product development, they have no branding which prevent the customers to recognize their products and not widely available. Packaging format is still not attractive. Production equipment are still outdated. There is not enough funding for them to expand or develop new products and they cannot find stable market to sustain their sales.

**Opportunities** : Most community enterprise groups receive support from sub-district administration organization, bringing their products to sell at festivals. They also have sales from traders and organizations placing orders directly.

**Threats** : Most community enterprises have competitors selling similar products. There are many groups in several provinces. There is inadequate promotion of product development to provide variety of the products, lack of knowledge on how to send their products to sell at other provinces.

From the evaluation of the prevalence capabilities of each community enterprises, they acknowledge their own capability and realize that there are problems regarding product development which is the most important activity. They foresee that the products from their community enterprises can sell more if they provide variety to their products. Most community enterprises would like to develop their products according to customer needs and applicable for real use.

Community enterprises have the activity to set marketing strategy by developing variety of their products to serve market needs. They launched their products



into the market and evaluate the performance of each products. Return on investment was evaluated at 20-35 percent. Community enterprises have improved their production and marketing process and plan to maintain the knowledge obtained during the research and commit to operate their business continuously.

#### **4.3 Development on suitable accounting system for community enterprises**

For the development on suitable accounting system for Sansalee sub-district community enterprises, small group seminar was conducted with the accountants of community enterprises.

Regarding the accounting records from the 5 community groups, they mentioned that they do not quite understand the accounting process to record income and expense for the community enterprises, inventory balance system, costing, and they think that they require time fully understand accounting process. For the problems regarding the accounting process for community enterprise, the major problem is on the lack of equipment for accounting records, lack of support/advice from related organizations.

The development for the members and group accountants were focused on enhancing accounting knowledge and skills. Accounting templates from the Ministry of Agriculture and Cooperatives were used as an example. The group can use and apply these templates to benefit and increase efficiency for their community enterprises. The community members helped each other to create cash book, inventory control registry, costing calculation, and developed the system to record production costing, as well as communicate and discuss the benefit of accurate accounting to other members. Therefore, the group should be able to perform accounting process accurately, appropriately, and effectively.

### **5. Discussions**

The results can be discussed as follows:

1. The strengths of Sansalee community enterprises consist of the ability to produce goods using locally available raw material. The group leader is competent in business administration, making the group to be strong and united. The members comply with the group discipline. Their business administration is clear and transparent. This aligns with Chonlatis Darawong (2014) which stated that management support

in product development and process would utilize the resource from the whole organization such as human resources, knowledge and skills. The success of the new product development comes from the integration of strengths, skills, experiences, and capabilities combined with cooperation of the members.

2. Weakness of Sansalee community enterprises is the lack of skilled and experienced workers. In terms of new product development, there is no branding, the products are not widely recognized, packaging formats are not attractive. Most members of the Sansalee community enterprises are middle aged and elders, this may affect the product development to be slower to respond to market needs.

3. The community enterprises have the marketing strategy planning activity to develop new products. Members of each group are ready to develop their own variety of products and better quality. Group members participate in the product development process which could be resulted from the group seminar. They understand the importance of product development as the top priority, starting from planning process, opportunity survey, product synthesis, product selection, commercial analysis, product development, product testing, market testing, distribution to market, in order to obtained the product for each community enterprise. This aligns with Paima Issarasenana Ayutthaya (2011) which stated that each product development project requires different information and work procedure in the phase of product planning. Therefore, work procedure is essential to the success of the product. However, they also focus on creating new value by step change at the acceptable price level for the target group.

4. Community enterprises have the problems on accounting process for example, lack of accounting tools, such as no manual for accounting record, no computers, no stationery, etc. This aligns with Watcharee Hanwiwat (2011) which stated that the biggest problem is the lack of working tools, followed by the lack of cooperation. It could be that the members of Sansalee community enterprises had no knowledge on accounting process. They also did not see the importance and benefit of the accounting process for community enterprises.

## 6. Conclusion

The results can be concluded as follows :

### 1. Product Development for Community Enterprises

Members of community enterprises were interested and ready to participate in the seminar. They exchange the knowledge on products of community enterprise. Group discussion was production management was focused on 3 topics i.e. planning and production, process inspection, and production process improvement. Group discussion on marketing management was focused on 4 areas i.e. Products, Pricing, Place or merchandising channels, and Promotion.

The groups regard the product development to match with market needs is the most important priority and applicable for real business operation.

### 2. Development of Accounting System Suitable for Community Enterprise

From the 5 community enterprise groups, the major problems on the accounting process are the lack of accounting tools, lack of accounting essentials, and the lack of support/advice from related organizations.

Members and accountants of the groups were developed by educating accounting knowledge and skills which they can effectively use for real implementation. They can bring the knowledge to conduct accounting process accurately and appropriately.

## 7. Recommendation

### 7.1 Recommendation for Implementation of Results

Recommendations can be made as follows:

#### 1) Policy Recommendations

(1) Related organizations should support the product development process, creating uniqueness for their own which can help to set the appropriate pricing for each community enterprises. The focus should be on creating new value to serve the needs of target group customers.

(2) Related organizations should provide help on product development since the product planning process, opportunity survey, product synthesis, product selection, market testing, distributing to the market, finding merchandising channels for the community enterprises.

(3) Related organization should promote and support by establishing community enterprise networks regarding the accounting management, product development, branding, marketing management, and preparing information releases through medias such as internet, radio, television, and mobile phones.

## 2) Action-oriented Recommendations

(1) There should be a promotion on the education which encourages the members to use their skills, creativity, and capability to produce quality, unique products which can generate more income. The focus should be on utilizing local wisdom gained during generations to combine with modern technology which can help to make their operation more efficient.

(2) There should be a promotion on creating awareness of accounting for community enterprises. Accounting systems need to be suitable to their group operation, which they can use the information to control their business, generate financial statement, create transparency in their operation and building confidence for all members.

(3) There should be a promotion for site visit to other community enterprises which produce similar goods. They can use bring the knowledge or practice to appropriately apply with their community enterprise.

## 7.2 Recommendation for Further Research

1) There should be a study on the product format to match market needs and, at the same time, within the capability of the community enterprise production process. The focus should be on the products which signify local uniqueness, bringing the generations of local wisdom to combine with modern technology which will improve the production process to be more efficient.

2) There should be market testing of new products and distribute the products to several markets of community enterprise.

3) There should be other forms of activities which can help the accounting process of community enterprise where the members would be educated on accounting knowledge and enable them to record cash book, inventory control registry, and other books as necessary.

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