

# “CAPACITY DEVELOPMENT IN COMMUNITY ENTERPRISES WITH BUSINESS ALLIANCE”

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## ABSTRACT:

The current situation of community enterprises call for greater success in nowadays. The capability of community enterprises must be required for advantage and they can be categorized into three main points as following; attitude toward building business alliance, success factor toward building business alliance and business alliance model. The methodology of research is to interview 41 informants and analyze descriptive data. Therefore, it can be found that members of community enterprises have positive attitude toward building business alliance and interest to join and support each other in the business. The member of each alliance partner builds trust of each other, accept mistakes and be a part of problem solving. This is the one of success factors and the model of building business alliance by matching products from community enterprises. The process is to match community enterprise which some products are compatible in order to develop new products of each alliance partner. The suggestions from research process by using business alliance will help community enterprise have better potential in production, increasing profit, lower cost production, create advantage in competitive and preventing new competitors in their area.

## Keywords:

Capacity, Business Alliance, Community Enterprise, Southern Boarder Province

Article Received: 18 October 2020, Revised: 3 November 2020, Accepted: 24 December 2020

## SIGNIFICANCE OF COMMUNITY ENTERPRISES WITH BUSINESS ALLIANCE

Business alliances have been created from extension of industrial (Schilke and Goerzen, 2010). Which work together in order to get rid of any risks that might occur. In fact the business will get less potential if it lack of main resources (Iturrioz, Aragon, and Narvaiza, 2015) so then business alliance will be the new role model to connect other business form new products including to merging or takeover other enterprise. It might occur because of demanding to develop products fasten, reduce production cost or new market accessibility. The demanding of cooperation is still complicated, this is due to organization culture and different attitudes of business operation (Antolin-Lopez, Martinez-del-Rio, Joaquin Cespedes-Lorente, and Perez-Vall, 2015).

Business need to adjust work process to be more effectiveness whether small business or large business, there's a development of potential both in work process and human resources. Creating opportunity for innovation by develop capacity of that business. It could push business to be more advantage and the way to make expected result, there is an cooperation between each business alliance partner in order to create competitiveness ability including response customer's need. Therefore, business alliance is an important alternative way of sharing knowledge, resource and capability business to develop products and service in order to create strength. In addition, using business alliance strategies will help business success and more advantage in other competitive (Seedee, 2016).

In current situation, community business or community enterprise unable to operate in effectiveness, there are many problems and

struggles in operation process whether investing cost or lower cost investing including marketing problems which will lead to lower growth in community enterprise's capacity (Ishengoma and Kappel, 2007), which always occur. Common problems of some community enterprises are competing the large competitor which lead to lack of resource, management problems and inability to participate activities of group members, lack of trust in group leader and also lack of continuous product development (Department of Agricultural Extension, 2018). This need to build business alliance between community enterprise based on the cooperation and dependence to solve the problems and achieve goal (Seedee, 2016). Community enterprise have to increase capacity and needed resource more than in the past, thus, business alliance play important role in community enterprise which require diversity of skill and unfamiliar knowledge. Business alliance will help support the strength and get rid of the weaken point which lead business grow according to organization goal (Prasitsirikul, 2017). From occurring situation, there will study the attitude of being business alliance, success factors of group gathering including creating business alliance model the sustainable growth.

## BUSINESS ALLIANCE AND SUCCESS FACTORS

There are relating documentary research of capacity development in community enterprises with business alliance as following;

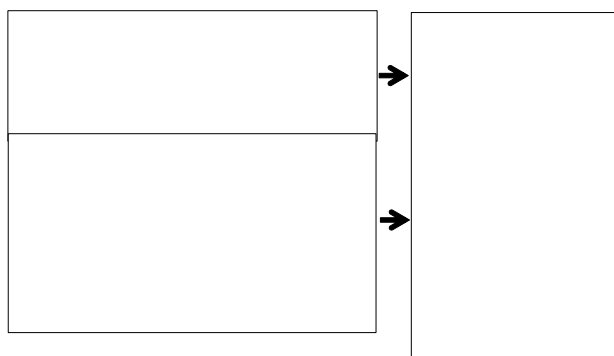
**1. Business alliance;** A business alliance is an agreement between businesses, usually motivated by cost reduction and improved service for the customer. Alliances are often bounded by a single agreement with equitable risk and opportunity share for all parties involved and are typically managed by an integrated project team and more advantage in competitions (Seedee, 2016) as following form; (1) Contractual agreement alliance cooperation between two more business, signing agreement in order to share some resources and knowledge (2) Equity alliance

cooperation in the form of joint venture with tangible assets and (3) Joint venture cooperation between two more businesses in order to set new business which different from their existing one. In the past previous study, business alliance (Chaichanaparn and Thongkong, 2014) suggested that there was some lacking capacity in organization so organization specialist is must require. This is because to distribute the responsibilities, and also increasing potential and deduct production cost to gain more advantage in competition in three forms which are joint venture corroboration, signing agreement and working partners. It can be said that the success factors of building business alliance can be classified into five elements (Seedee, 2016) as following; (1) Trust is willing to act with other people base on positive expectation, corroborations as a partners have to help each other (2) Commitment is to be bonded each other which can be describes as three dimensions as following input dimension, attitude dimension and period dimension (3) Cooperation is depending each other and organization to achieve goal, the instruction of cooperation can be classified from two part which are cooperation from relationship and the occurring behaviors came from their requirement to achieve their goal of each department and same goal (4) Alliance experience is a lesson which are gained or the knowledge which occur from being partner in the past and (5) Alliance functions involvement is the building team cooperation in business alliance which can support business for greater profit.

**2. Success factors;** Success factor is about management which paly important role of which relate to business. The management bring success factors concept to manage business data in order to cover all work process. Khandelwal and Ferguson (1999) From the perspective of business success, the success factor is an essential tool of any business. Nevertheless, the success factor should not be a main focus on success but also the failure this is in order to give the business a competitive advantage (Wronka, 2013). There are four elements of success factors: commitment, quality of products or services, continuous

learning and management. This is because the business can be driven by the cooperation of the people in the organization. The study on the factors of business success of contributing (Keawchue, Pangniran and Korthana, 2019), it was found that the development of the success of business operators are from developing entrepreneurial potential in the market competition, making connection in commercial network, building the entrepreneurs who can find out what customer need and respond to them immediately in order to create market opportunities rapidly. The way of how to operate business successfully are setting business direction with wide range of vision, planning, goal, having good relationships and cooperation with commercial partners, having good financial resources and good accounting system, determining certain market target groups, being creditworthiness, having experiences, good knowledge, and ability, being responsiveness to customer tastes and implementing effective management that suits the changing world (Kantabutr, 2016).

### Processing framework



### RESEARCH OBJECTIVES

The objectives of this research are (1) To study attitudes towards building alliance and Factors for Success in business alliance and (2) To develop business alliance among community enterprises.

### RESEARCH METHODOLOGY

**The main informants** are members of the community enterprise of military housewives in the southern border provinces, which have continuous business in three groups, which are

Community Enterprise Housewives, 15<sup>th</sup> Infantry Division, 151 Infantry Division (Krajood Product) 17 persons, Batik community enterprise, Sirindhorn Camp, 13 people, and housewife community enterprise, 15<sup>th</sup> Infantry Brigade, Military Intelligence Branch (Cold pressed coconut oil product) 11 persons

**Methods and tools** studying attitudes towards building business alliances between community enterprises in the southern border provinces of Thailand and success factors in building business alliances along with group conversations consisting of the chairman and member representative of each of the 3 groups in order to match partner or alliance groups, including with building form a business alliance model between community enterprises. It also assessed the business alliance model and summarized the business alliance model among army housewife community enterprises in the southern border provinces of Thailand.

**Data collection and location** researcher issue a letter to the president of 3 community enterprises to cooperate and assist of collecting data and product development, including 3 experts with knowledge or experience in business partners. Collected data by using group interviews at the office of community enterprises in Pattani Province and Narathiwat Province, the researcher interview experts who have knowledge or experience in building business alliances at their work place and analyze the data with a qualitative method. The analysis of descriptive and descriptive data (Descriptive Research) uses questionnaires which researcher has determined direction of how analyze data and sorted by their importance according to the outline of comparable information from related concepts and theories. This is also making interviews twice in some areas for more issues which will be useful for data analysis.

### RESEARCH RESULTS

**Part 1;** attitudes towards building business alliances in community enterprises of Army housewives in the southern border provinces of

Thailand can be found that the chairman of the community enterprise and members involved in the management of the community enterprise alliance. To find a partner is coordinated by leader of each group and they want to join in building a business alliance. From an interview, Rodngam (2017) stated that *“Community enterprise members gave a reason of joining as a business partner that the lacking of investment, limited fund low income and lack of manpower”* Moreover, the frequently migrate of member and the leader is the reason of discontinuity of operations and low income from product sales. Therefore the main focus to join business partners is r to exchange knowledge expand markets or customer, elevate products in higher quality level and reduce the high production cost. The main focus of the business partner is making agreement that partner will assist each other in product development; sharing materials and knowledge which to integrate partner products in order to get a new and diversity product which more interesting.

**Part 2;** the success factor in building business alliance can be classified according to the interview as follows; interviewing with the Chairman of the Community Enterprise about reliable issue. Rodngam (2017) stated that, *“Working in the group requires effort dedication and a period of self-adjustment in order to better and more quickly operations in the group”*, it can be showed that in the group members have good relationships with each other and also intend to work together until they are successful. The additional synthesis of information, it was found that the level of trust generated directly affects the success level of the alliance. Alliance members will act based on instructions from the Group leader to avoid duplication of work and conflicts. Relation part can be defined that the long relationship in work can make them understand work process and help each other to solve the problems, nevertheless there are still a problem of new member who are not familiar and lack of knowledge in work flow , it can lead to work take

more longer process. The frequently immigrate is the one of problem which makes labor deficiency so group leader and old members have to teach new member. From interview of Meksong (2017) stated that *“member of each business alliance partner especially new member able to adapt their working with business partner, they can consult and be taken care by old member all the times”* This is the respect way to old member and make them proud also new member can be accepted from old group alliance and make them have more relationship in the group. Cooperation of member community enterprise, from interview, Jiraon (2017) stated that *“member understand and comply their role and duty. Learning and understand other people role because everybody will focus on their duty without anyone it could be worked and success”* Moreover cooperation of member in community enterprise will make sustain product, from cooperation process the leader of alliance partner empower each other, provide sharing stage between group until they are understand and lead to effectiveness work operation.

**Part 3;** business alliance among community enterprise matching partner in order to produce new form of production which are the form of interaction between alliance partner of Community Enterprise Housewives, 15<sup>th</sup> Infantry Division, 151 Infantry Division (Krajood Product), Batik community enterprise, Sirindhorn Camp cooperate develop product by using Batik with Krajood. Batik can be decorated in Krajood basket or hanging in order to more fashionable and beautiful, and adding Batik inside edge of Krajood product box with clear plastic which make it outstanding and fashionable. The part of Krajood product group has weaved container approximately 5 x 30 cm., 5 x 20 cm. and 5x10 cm. To be batik container and cloth straps, more fashionable and natural look rather than a plastic envelope.

The cooperation between alliance partner community enterprise of Community Enterprise Housewives, 15th Infantry Division, 151 Infantry Division (Krajood Product) and housewife

community enterprise, 15th Infantry Brigade, Military Intelligence Branch (Cold pressed coconut oil product) have produce Krajoed container to contain cold press coconut oil by designing Krajoed basket both natural color and dye color and also decorate with Batik. The cooperation between Batik community enterprise, Sirindhorn Camp and housewife community enterprise, 15<sup>th</sup> Infantry Brigade, Military Intelligence Branch (Cold pressed coconut oil product). Batik community enterprise have been designed new pattern design for container of cold press coconut oil both of basket and clear plastic envelop in order to convenience and more interesting. The cooperation Community

Enterprise Housewives, 15<sup>th</sup> Infantry Division, 151 Infantry Division (Krajoed Product) and housewife community enterprise, 15<sup>th</sup> Infantry Brigade, Military Intelligence Branch (Cold pressed coconut oil product) and Batik community enterprise, Sirindhorn Camp brain storm to find the way to support product of other group. Krajoed product group will main product for Batik group and cold press coconut oil. Krajoed group will produce the weaved product with natural color and design various prints in order to be the container of cold press coconut oil with small and large basket and decorate with Batik for more fashionable and outstanding prints.



## DISCUSSION AND CONCLUSION

The business alliance in community enterprises has been operated between the 3 partners, the main focus is to expand the market or greater customers. Upgrading the product to a higher standard, this is due to a quality of raw materials or quality of the products meet standards which are required by the community enterprises and customers. The important attributes of business partners, there is an agreement to help each other. This is in line with (Creighton, 2005) stated that public participation is an important and necessary universal principle in society, creating a consensus. Therefore community enterprise have applied the same concept by allowing members of each group make an agreement in order to exchange knowledge, help each other in funding,

supporting deficiency manpower and jointly develop products. Therefore product development is to bring their raw materials and products combine with products of partners in order to get more unique and modern. Include with bringing knowledge from expert of other groups, adding more potential in order to get rid of weakness point of each group. The integration of alliances helps to reduce the production and partial costs in the community enterprise because community enterprises were not need to purchase all the raw materials for production, they can use raw materials from partners which can be deduct production costs as (Leonardus and Furinto, 2018) found to be business alliance will create a competitive advantage and creating alliances of community enterprise will make a new

innovations different from local competitors. It attracts customers' attention and creates business continuity. The Alliance has created a competitive advantage in the area of local identity products and also decreasing competitors in the area. There is also an issue of negotiations with members of community enterprise to make alliances like (Kumar and Nathwani, 2012), who found that different thought influences to make alliances. The leader of the community enterprise has to make members understand about the advantage of matching partners in the same direction because each member has different work flow process. The conflicts might occur within the group. Providing correct knowledge and understanding will make it easy to create alliances. This also increases potential in productivity of alliance partners. This is corresponding to the research (Kale and Singh, 2007) about elements that affect the level of success of a business partner which consist of knowledge, processing knowledge, sharing and exchange of knowledge. From study is in line with (Anand and Khanna, 2000), success arises from the improvement or development from experience to success. It can be shown that success factors for Community Enterprise Partners came from process of enhancing the capacity of the expert members' experiences, sharing knowledge with each other within the group and always exchange knowledge between each other. This creates a new concept that is different from the old operation and lead to make an improvement in production methods and better product styles. The result is partnerships can faster success. From additional of interview with the chairman of the community enterprise, the researchers have to follow up the result of potential development. The result is income have been increasing 12% which make community enterprises continuous increase income for members of the community enterprise. Therefore, to create sustainability for community enterprises, the business partner should make a clear partnership agreement in order to be convenient for continuous operations in the future There is a

continuous increase of potential in various fields for community enterprises such as creating more business partners to reduce production costs. To create system of financial and accounting reports to control expenses. There are greater exchange knowledge and information. Including making clear operational plans in order to work in the same direction for overall success in addition, the results of the matching of the partners should be assessed and reviewed for improvement and correction This is to create the most useful business alliance model.

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