

SOCIAL IMPACT OF PARTICIPATING IN OTOP PRODUCT DEVELOPMENT TO IMPROVE PRODUCT QUALITY

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Abstract

This study aimed to explore the social impact resulting from the participation of government agencies in the development of the “*One Tambon One Product*” (OTOP) enterprises. A secondary aim was to investigate the factors which contributed to the success of the government’s involvement in improving the quality of OTOP products. A qualitative approach was employed, collecting information from 78 heads, and 201 group members from local enterprises in 17 Thai provinces. The results showed that the Thai government has been implementing a program of technical assistance to OTOP product producers, including training, to increase both theoretical and practical knowledge, and product development, increasing the quality of the products and their marketing. Government agencies also provide monitoring to sustain the motivation of producers and to maintain quality standards of production. Consequently, the social impact of the procedure could be divided into two parts. The first part is the impact on OTOP enterprises, such as improved production capacity and the quality of products, increasing sales and income of the group, and creating new marketing channels. The second part is the community impacts, such as generation of employment, increased income for the community, exchange of knowledge among community producers, and the return of emigrants to their home communities. Furthermore, the success factors are the strength of the producer groups, genuine motivation of the enterprises to join the OTOP program, the knowledge and skills of staff, and the on-going outside monitoring of producer groups. This study contributes to the strategies of the government and private agencies in supporting and improving the quality of future OTOP procedures.

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INTRODUCTION

The One Tambon One Product (OTOP) program was first developed as part of the Thai National Economic and Social Development Plan to improve the economic security of rural communities. In the National Economic and Social Development Plan no.11th, the 2012-2016 5-year plan called for communities to form occupational support groups to use their knowledge and traditional wisdom, and indigenous cultural assets, to develop new products and services to generate income and promote sustainability. This would also help the country as a whole to adapt to and provide protection from the forces of socio-economic globalization (Wipawadee Pakamat, 2017). The OTOP movement helped stimulate communities to manufacture products of standardized quality and to market them beyond their home locality. This was also seen as a strategy to strengthen communities and promote local solidarity. Soon, the OTOP label became synonymous with quality local products (Thaitambon, 2014, Department of Community Development, Ministry of Interior). Over time, OTOP products were upgraded to meet national and international standards. A key theme of OTOP products is that they are based on local resources and traditional wisdom and, therefore, are unique. Buying OTOP products is

also helping to develop and sustain communities and the indigenous trades and crafts that have been passed down through generations, but are nevertheless in danger of dying out. OTOP products can be classified as food and beverages, patterned cloth, adornments, jewelry, souvenirs, or traditional herbs and seasonings.

Despite the initial popularity and success of OTOP, problems emerged for some groups in terms of internal management, marketing channels, and maintaining the quality of products (Usanee Makprayoon, 2008), with some groups disbanding due to such constraints. In particular, there were concerns about the uniform standard of products. Accordingly, government standards organizations became more involved and set up a system of certification for quality standards so that consumers could be assured of product safety for consumption, utility, and durability. The standards and certifications were seen as benefiting both the consumers and the producers alike. Producers were also encouraged to apply modern technology to facilitate production and create innovation in the products, to expand market potential at both domestic and international levels. The government oversight and assistance for OTOP products had a significant impact across many dimensions. Thus, it is important to take a closer look at what these impacts were in order to acquire

a more neutral assessment of state involvement. This information should help in the development of generic guidelines for the broader OTOP program and for producers. This is important since the external forces which affect supply and demand for these cultural products are constantly in flux. The OTOP program must have built-in mechanisms to help producers adjust and adapt to these environmental and market changes in order for the constituent groups to remain as viable enterprises.

This study is an assessment of **social impacts** as one of the dimensions of OTOP which needs closer inspection. One aspect of the desired outcome of government involvement in OTOP is helping community-based cultural product enterprises to be able to withstand and overcome challenges which are occurring in the society at an accelerating rate (Suranee Achawanantakul and Pataraporn Yamla-Aw, 2017). That said, it is also possible that there are social impacts of the program and government involvement which need to be addressed. This evaluative research asks whether OTOP is truly achieving the desired social impacts as conceived by the planners and supportive government and private agencies.

OBJECTIVES

- 1) To study the participation of government agencies in the development of OTOP enterprises in order to up-grade the quality of products;
- 2) To explore the social impact resulting from elevating the quality of OTOP products through government assistance;
- 3) To investigate the factors which contributed to the success of government involvement in improving the quality of OTOP products.

CONCEPTION FRAMEWORK

This study focused on OTOP enterprises which have met the standards of the Thai Industrial Standards Institute, and producers who have participated in government programs to improve the quality of their OTOP products and services. Social impacts were identified as any important outcomes or social consequences derived from specific government activities aimed at improving the local enterprises. In other words, the study also linked the government activities & programs, with expected outputs and outcomes, in order to investigate whether or not the programs or activities made a positive impact or added any value to the products. With this approach, the conceptual framework illustrates the impact evaluation pathways which involve four steps. The first step consists of the inputs generated by the approaches used by the government agencies in improving the OTOP products. The second step is a significant process, involving collaboration between a government agency, the head of an OTOP group, and members of the same OTOP group. Success in the second step can

lead to the quality improvement of products and also effective marketing strategies in the third step. Consequently, community change can happen, accompanied by clear social impacts, for example improvements in the quality of life, working opportunities, expanded social networks, exchange of traditions, and development of skills and knowledge as shown in Figure 1.

METHODOLOGY

This was a qualitative study in which data were collected via in-depth interviews and focus groups. The leaders and members of the local enterprises or OTOP groups in Thailand were the main participants in this study. Purposive sampling was used to select the local enterprises and OTOP groups, which had been supported by the Thai government for

more than 1 year. 78 local enterprises and OTOP groups from 17 provinces, including Khon Kaen, Maharakam, Kalasin, Nakorn Ratchsima, Bangkok, Nonthaburi, Supanburi, Ayutaya, Petchburi, Srakeo, Chumporn, Surat Thani, Nakorn Si Tammarat, Pattalung, Chiang Mai, Payao and Lampang, participated in the study. The 78 leaders of these local enterprises and OTOP groups were given an in-depth interview. Focus groups were also conducted with members of the local enterprises and OTOP groups. In total, 201 members from 78 local enterprises participated in the study (see Table 1). Voice recording was used during the interviews and focus groups with permission from the participants. Ethical considerations were approved by the MUSSIRB committee at Mahidol University.

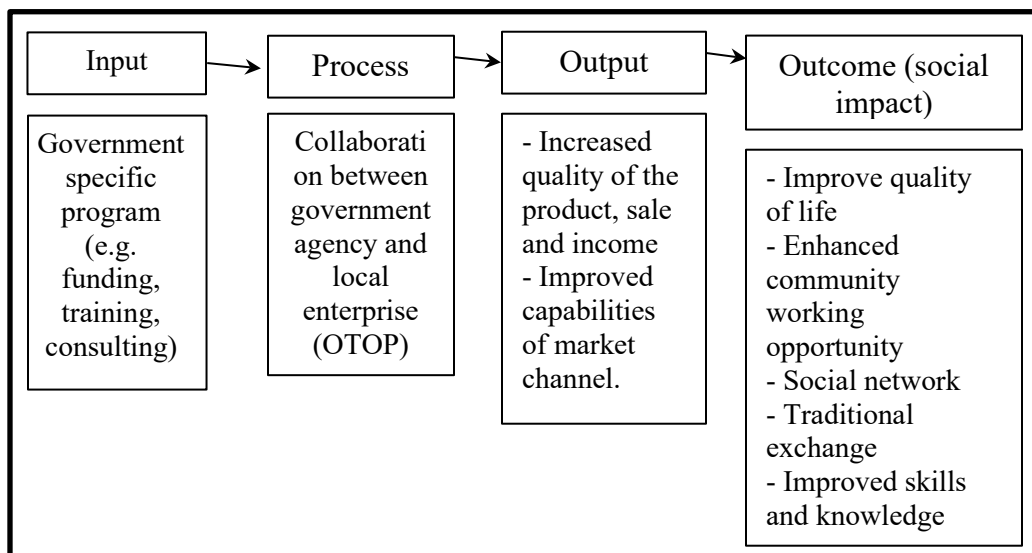


Figure 1 Conceptual Framework

Table 1 **The number of local enterprises participating in the study**

Region	leaders of local enterprises	Group members
Northeast Thailand	29	71
Central Thailand	21	45
Eastern Thailand	2	10
Southern Thailand	14	40
Northern Thailand	12	35
Total	78	201

RESULTS

1. Participation of government agencies in upgrading OTOP products and consumer safety

The principal government agencies involved in the development of OTOP products included the Department of Community Development, the Ministry of Industry (central and provincial offices), the Ministry of Commerce, the Ministry of Public Health, the Department of Science Services, universities, and local administrative organizations, among others. These agencies provided the following technical assistance and inputs:

- 1) Training or knowledge, both theoretical and practical, for OTOP product producers. This includes technical knowledge regarding product development, marketing, and practical assistance in

applying such new knowledge and techniques.

- 2) Application of scientific knowledge and innovation to improve products and overcome problems. This includes technology to improve production efficiency, improve machine maintenance, improve product durability, or to economize by switching to solar energy or streamlining energy usage.
- 3) Inspection of product quality, especially in regard to food and traditional herbs, or additives for consumables and cosmetics. This is to ensure that products meet both domestic and international safety standards.
- 4) Provision of technical experts to advise producers who are experiencing difficulty with quality control and product consistency or durability. This assistance also includes

tips on packaging, labeling, and marketing.

- 5) Support for participation of producers in product exhibitions, and trade fairs, in both domestic and international settings.

2. Social impact of the program

(1) Impact on producers

1) More products have improved quality and meet standards

There was clear benefit to community enterprises which could raise the quality of their products to meet standards and receive guarantees from oversight agencies. This enabled them to expand their market to the global stage and increase the added-value of their products.

2) Improved production capacity

With the outside technical assistance, most of the producer groups improved their planning and marketing to be more systematic; they became more concerned about hygiene and consumer safety, improved their points-of-sale so that they were more visible and hygienic, and they also improved the quality of their packaging to prevent moisture and mold from contaminating the products. The producers learned how to extend the shelf life of their products without sacrificing quality. Some groups who had relied on commercial additives or chemicals (e.g., for dyeing) learned how to use natural dyes and additives to achieve

the same effect while being more eco-friendly. In addition, producers learned how to economize on fuel consumption by using appropriate technology.

3) Sales and income increased

With improved quality and standards certification, it should be expected that sales and profits of the community-based cultural products increased. The greater variety of products also helped to expand the consumer base. More effective marketing increased exposure and popularity of the products.

4) Added value of the products

With increased product quality, producers improved packaging and labeling to advertise the value added to their products. Some producers modified the appearance or design of their products to increase variety and remain innovative. The pottery and ceramic enterprises introduced new shapes, colors and patterns, expanding market demand and differentiating their products from others. These enhancements combined with increased demand allowed producers to raise prices and, thereby, increase profits. The use of natural dyes by silk weavers was perceived as an important added value for the products, and thus, increased their market value.

5) Increased diversity of products

Producers who participated in OTOP learned how to expand their product line by creating variations and extensions of their original product offerings. This was especially true for enterprises which produced jewelry or

adornments, as well as everyday items. For example, producers of reed floor mats learned how to expand into reed tote bags and satchels, pillows, key rings, etc. Pottery enterprises diversified into clay beads and other derivative products to expand their market and income.

6) New market channels

Most producers observed that, after introducing variations of their standard product line, they had new groups of customers, without loss of their original customer base. This also coincided with expanded marketing strategies with remote ordering and distribution of products. This was an important change from merely selling products out of their workshop. More recently, many producers have begun advertising and selling their products on-line through various social media applications.

(2) Impact on community residents

1) Creating employment and increased income for the community

The more successful OTOP entrepreneurs tend to involve most or all of the community households in the enterprise. Residents are involved in collecting the raw materials, processing the materials, helping to craft these materials into products, and packaging and distributing completed products. Since profits are shared with group members, this helps to raise the incomes of the entire community. For example, in the case

of the enterprise which produces products from reed weaving, the reeds are collected and sold to the enterprise by local villagers. The same is true for makers of baked banana snacks, or processed fruit. For some group members, the OTOP enterprise has become their primary source of household income. Many of the groups started as occupational support endeavors for housewives, which is of great help to women who are at home all day.

2) Providing opportunities for the elderly, children and youth in the community

Since the OTOP enterprises are almost always community-based, it makes sense that the main source of labor comes from the people who spend most or all of their days in the home community. The elderly who are still strong and healthy are an ideal source of OTOP labor since they also possess the traditional wisdom that makes the OTOP products so unique. This helps elderly residents to remain active, socially-engaged, and productive for their family and the community at-large. Staying active in this way helps to maintain and improve their physical and mental health. Some groups mobilize students after they return from school, in the afternoon, or on holidays to help with the enterprise as a 'life skills' learning process. It is also a way for the older generation to pass on their traditional wisdom to the younger generation. Youth can also benefit from earning a small income to supplement their daily allowance.

3) Merging traditional wisdom with modern science and technology

Enterprises participating in OTOP gain government assistance for learning how to integrate modern technology to improve their product design and quality without reducing the cultural value and traditional wisdom of the products. This study found that OTOP entrepreneurs were constantly trying to learn new techniques and ways to improve while retaining the original appeal of their community-based products.

4) Exchange of knowledge among community producers

OTOP and government agencies both promote the exchange of information and collaboration between enterprises that produce similar products or services. This can create a synergy of ideas, and of lessons learned, for all participants to take advantage of.

5) Return of emigrants to their home community

A surprising social impact of OTOP is that it is helping to reverse the trend of the emigration of working-age members into cities. Many young emigrants are now considering returning to their home community to help with successful OTOP enterprises. With the success of the community-based enterprise, the younger generation acquires a new appreciation for the traditional ways of their elders and forebears. They can also apply their knowledge and affinity for modern techniques and information technology (e.g., the Internet) to the community enterprise

to improve the efficiency of production and enhance market reach. The younger generation can contribute innovative thinking on how products may be modified to add value. Indeed, some members of the working-age population may actually see the OTOP enterprise as a viable primary occupation.

3 Factors behind success of participation in OTOP

1) Strength of producer groups

OTOP enterprises range from a single artisan who manages all steps in the process, to family-based enterprises which are managed in a household workshop with no outsiders, to occupational support groups which are open to any eligible person in the community. Strength of the enterprise depends on adequacy of raw material, detailed knowledge of the production process, skills in planning and management, and adequate cash flow. With these attributes, the enterprise is likely to be successful. Strong and confident enterprises will welcome government advice and the sharing of new technology and methods to improve efficiency and market potential.

For community enterprises that involve a number of people from different families in the community, there needs to be strong leadership from someone who is ambitious, systematic and has sufficient time to devote to managing the group. This kind of leadership will filter down throughout the group members and contribute to efficiency and effectiveness of the enterprise. If a

larger group depends on regular collection of membership fees from its members, there is a risk of disruption of cash flow when some members are absent or miss payments. Thus, such groups must keep cash reserves or alternative sources of funds for when revenue falls short. The technical assistance from outside agencies to improve products, efficiency of production, and market expansion, helps to increase the viability of the enterprise and to maintain a robust cash flow.

2) Genuine motivation of the enterprise to join the OTOP program

This factor is an especially important determinant of success for the community-based enterprise. If the enterprise is to fully cooperate and benefit from being part of OTOP, it must perceive the outside help as relevant and tailored to the needs of the enterprise. Otherwise, there will be a lack of trust and reluctance to collaborate. Thus, staff of outside agencies or OTOP must first examine and learn about the strengths and weaknesses of an enterprise before proposing assistance.

3) Knowledge and skills of staff who conduct the field site assessments

The government agency staff who conduct site assessments and mentoring visits to candidate community enterprises must have a special skill set in developing rapport with enterprise leaders and artisans. Before conducting the site visit, these staff should study all available information about the product and the

entrepreneur behind the enterprise. The agency or OTOP representative must know which experts are best suited to visit the community enterprise and, if appropriate, give advice. Outside advisors should be people who possess practical knowledge for making the products, not just theoretical understanding. If this is not the case, local producers will quickly recognize that the outside consultants are unlikely to offer any useful suggestions or recommendations. The visiting staff must have good communication skills and tact in building interpersonal relationships with producers. If the staff have technical knowledge but lack the skill in building rapport with community members, then the assistance will not be welcome. Staff must work to understand the local context as well. This includes the natural environment and the socio-cultural context of where the enterprise is located, and that it relies upon. The same product may have different obstacles and challenges depending on the environment and context where it is produced. The outside staff must be shrewd judges of behavior too in order to identify the internal strengths and weaknesses of the producers themselves.

4) On-going outside monitoring of producer groups

The monitoring system carried out by staff from the relevant government agencies, focuses on the implementations made by producers, and is another critical factor behind the success of the government collaboration with community

enterprises. Problems must be identified and addressed as soon as they emerge to protect the enterprise from damage. The producer groups may also need regular coaching and advice to keep them on track and up-to-date with the latest trends and advances. Thus, close monitoring is beneficial to both parties.

SUMMARY AND DISCUSSION

This evaluative study reports the social impacts of participation in the programs offered by various government agencies for improving the quality of OTOP products, on the participating local enterprises and communities. Data were collected by interviewing the leaders of the local enterprises, together with focus groups of members of these local enterprises, from around Thailand. However, the study involved only the OTOP groups that had received support from government programs. It is suggested that future studies also include local enterprises that have not joined such government programs. This study found that the Thai government has been implementing a program of technical assistance to OTOP product producers, including training, to increase both theoretical and practical knowledge, product development, product up-grades, and marketing. In most cases, the producers have welcomed this outside assistance, especially regarding access to new technology and markets. The government has helped producers to achieve certification from standards organizations, at both

domestic and international levels. In some cases, the producers do not fully understand why their product is not more competitive or popular. The outside agencies can provide insights since they observe what is successful in other locations and can share the lessons they have learned with lagging producers. The government agencies also provide monitoring to sustain the motivation of producers in maintaining quality standards of production. The outside help also includes guidelines for maximizing efficiency and effectiveness of production. These findings are consistent with the study of Sombun Khantichote and Chatsaran Rodyim (2015) who found that OTOP products which do not do well in the broader market are often the result of a lack of understanding of the producers in how to add value to the product, improve packaging, and expand markets. Sometimes the problem is broader than the individual producer, for example, when the network of producers is weak and does not effectively share their secrets of success.

Furthermore, stakeholders of the community product enterprises include the members of the occupational support groups and members of the community itself, who contribute to the enterprise in various ways. It is vitally important for the OTOP product to be successful since the economic stability of the community and its members often depend upon it. The benefits of the enterprise extend well beyond the income generated. The opportunities

for the elderly and youth to participate in the product production process enlivens the community, builds solidarity, gives people constructive ways to use their time and, most importantly, helps to pass on the traditional wisdom and skills to younger generations, in order to carry on the enterprise. This finding is also consistent with the study by Panarat Preedakorn (2006) who evaluated the successful outcomes of participation in OTOP, finding that producers experienced raised incomes and higher capacity, and host communities became stronger, with improvements in the quality of life for all residents. This is also consistent with the study of Tanyamai Jiankul (2014), which also found that the more successful OTOP groups have taken the initiative to form networks of their own, to share experience, information, and lessons learned.

For larger producer groups, good leadership was one of the most important factors behind the success of the product. Good leadership includes the ability to persuade members to cooperate, and to learn from outside assistance and monitoring from the government, as this government oversight is a central

mechanism to sustaining and improving the product's quality, and variety and popularity, in both domestic and international settings. These findings are consistent with the study of Kanida Kraisanti and Russamon Kusri (2016), which found that a key factor behind the success of an OTOP product is the skill of the producer in systematic production and marketing of the product, and having constructive relationships with outside support agencies.

This study supports the theory of a model of change (Suwimon Wongwanich, 2009) which explains that implementing a social support program will be successful in having a positive social impact, if there is a straightforward linkage between the inputs, processes, outputs, and outcomes (figure 2). Key inputs include but are not limited to, capital investment, labor, machines, equipment, land, expertise, and traditional wisdom. Processes (i.e., interventions) then convert the inputs into outputs and outcomes. Other associated determinants of success include accurate analysis of challenges and potential obstacles to production and the sources or trends in the demand for the product.

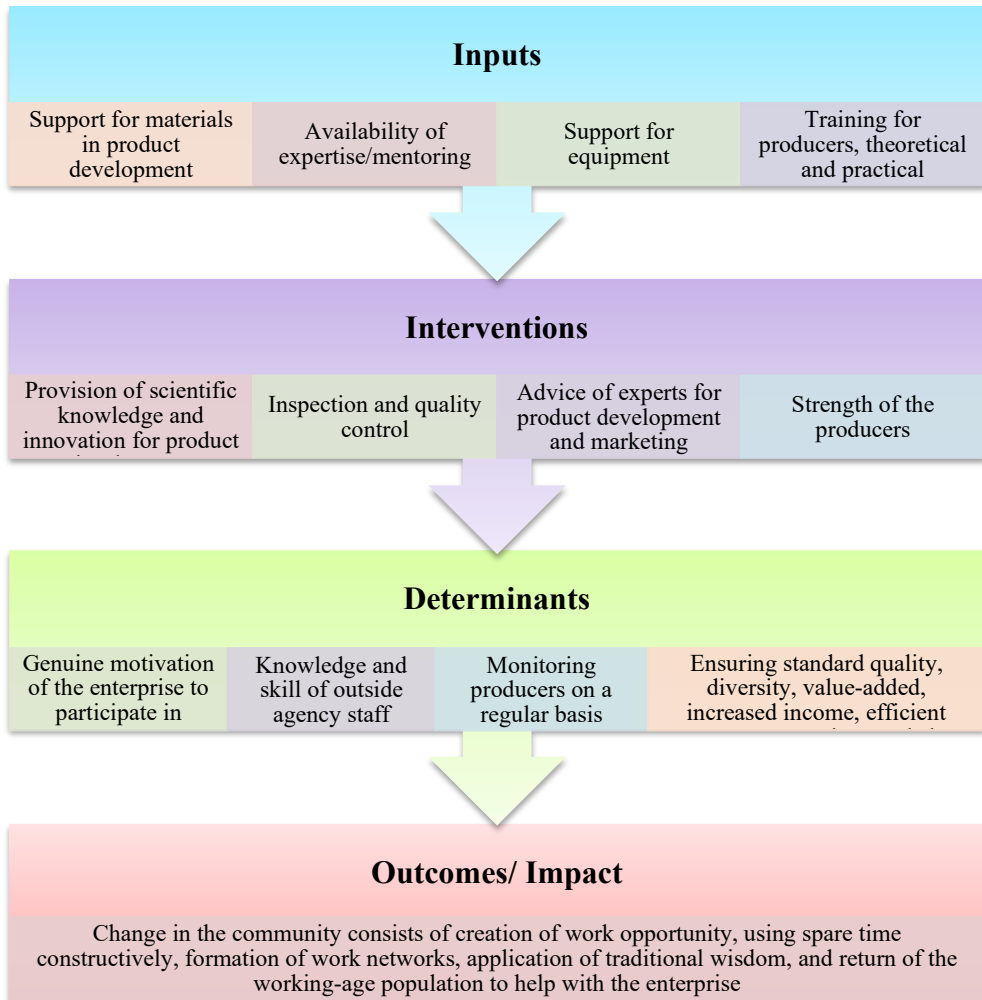


Figure 2 summary of the outcomes of the study

RECOMMENDATIONS

As a result, a number of policy and practical recommendations have been drawn.

- 1) There should be a needs assessment among OTOP product producers to determine the problems and challenges they face,

including production, marketing, and other processes. This will help the technical assistance agencies to plan and provide the appropriate assistance.

- 2) The status of the geography, society, culture, and living conditions of the groups of producers in different

- locations should be studied. This should include the collection of demographic data such as age-sex structure, and occupations, to help plan interventions which will increase relevant knowledge and increase efficiency.
- 3) There should be continuous evaluation of the support agencies regarding their level of participation in the development of OTOP products, in the context of changes in the economy and consumer behavior, so that producers can adapt and conform to any fluctuations.
 - 4) Currently, the support agencies do not allocate enough time for field visits to the producers. These agencies should consider increasing the time spent with producers, perhaps by prioritizing those who need and could benefit most from the external assistance (e.g. selective supervision).
 - 5) There should be greater integration among support agencies in support of OTOP product producers, so that assistance can be streamlined and to reduce duplication of capacity building efforts. Alternatively, there could be a clearer division of labor so that one agency focuses on appropriate technology, and another on innovation, while another focuses on group management and leadership, and another assists with marketing, packaging and branding.
 - 6) The support agencies should produce a model of technical assistance or guidelines for strengthening producers of OTOP products, which can be shared among all support agencies and the producer groups themselves.
 - 7) There should be support for the application of new knowledge and technology in combination with traditional wisdom to develop products that retain their uniqueness and cultural attraction, while taking advantage of modern advancements in production.

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