# การวิเคราะห์ต้นทุนและผลตอบแทนของผู้ประกอบการลานเทปาล์มน้ำมัน : กรณีศึกษาจังหวัดสุราษฎร์ธานี ประเทศไทย

# THE COST AND RETURN OF ENTREPRENURE OF THE OIL PALM BUNCH COLLECTION CENTER: A CASE STUDY OF SURATTHANI PROVINCE

DARIN RUNGKLIN
สุกานดา เทพสวุรรณชนะ
SUKANDA THEPSUWANCHANA
อัครภณ ขวัญแก้ว
AKKARAPHON KWANKAEW
เตชธรรม สังข์คร
TECHADHAM SANGKHORN
มหาวิทยาลัยราชภัฏสุราษฎร์ธานี
SURATTHANI RAJABHAT UNIVERSITY
สุราษฎร์ธานี

ดาริน รุ่งกลิ่น

### บทคัดย่อ

การวิจัยนี้มีจุดประสงค์เพื่อศึกษาต้นทุนและผลตอบแทนของผู้ประกอบการลานเทปาล์มน้ำมัน ประเภทธุรกิจ เจ้าของคนเดียวในจังหวัดสุราษฎร์ธานี ในการศึกษาครั้งนี้เป็นการเก็บข้อมูลด้วยแบบสอบถามจากผู้ประกอบการลานเท ปาล์มน้ำมัน จำนวน 243 ราย ผลการศึกษาพบว่า ผู้ประกอบการลานเทปาล์มน้ำมัน มีต้นทุนในลานเทปาล์มทั้งหมด จำนวน 5,687,712.96 บาท โดยแบ่งออกเป็นต้นทุนคงที่ จำนวน 3,638,974.25 บาท และเป็นต้นทุนผันแปร จำนวน 2,048,738.71 บาท มีผลตอบแทนจากการซื้อขาย 1,051,200.00 บาทต่อปี หรือคิดเป็น 0.2 บาทต่อกิโลกรัม มีผลตอบแทนรวม -0.88 บาทต่อกิโลกรัม และมีผลตอบแทนที่เป็นเงินสด -0.34 บาทต่อกิโลกรัม เมื่อวิเคราะห์มูลค่า ทางการเงินแล้วลานเทปาล์มน้ำมันมีระยะเวลาในการคืนทุน (PB) 14 ปี 2 เดือน มีมูลค่าปัจจุบันสุทธิ (NPV) เท่ากับ -4,636,512.96 และมีอัตราผลประโยชน์ต่อต้นทุน (BCR) เท่ากับ 0.18 ดังนั้นการบริหารจัดการเรื่องต้นทุนของลานเท ปาล์มน้ำมัน ทั้งด้านต้นทุนคงที่และต้นทุนผันแปร จึงเป็นสิ่งที่ผู้ประกอบการลานเทปาล์มน้ำมันต้องให้ความสำคัญ เพราะส่งผลต่อความอยู่รอดของธุรกิจลานเทปาล์มน้ำมันในอนาคต และเพื่อเพิ่มความสามารถในการสร้างศักยภาพ ด้านการแข่งขันและด้านการสร้างความได้เปรียบกับกลุ่มอุตสาหกรรมเดียวกันในต่างพื้นที่ต่อไป

คำสำคัญ: ต้นทุน, ผลตอบแทน, ลานเทปาล์มน้ำมัน, จังหวัดสุราษฎร์ธานี

#### ABSTRACT

This research aims to study the cost and return of the oil palm bunch collection center entrepreneurs in Suratthani province that reveals the business model of single owner. The researcher used a questionnaire to collected data from 243 entrepreneurs. The result found that this indicated that the total cost of the oil palm bunch collection center is 5,687,712.96 Baht. It is divided into fixed costs of 3,638,974.25 Baht and variable costs of 2,048,738.71 Baht. The trading oil palm of single owner entrepreneurs had a return of 1,051,200.00 baht per year, which gain the benefit for the single owner entrepreneurs, as a return on trading is 0.2 baht per kilogram. The total return is -0.88 baht per kilogram with a cash return of -0.34 baht per kilogram. On the other hand, the financial return analysis includes the payback period (PB) was 14 years and 2 months, Net Present Value (NPV) equal to -4,636,512.96 and Benefit-cost ratio (BCR) equal to 0.18. Subsequently, the management cost of the oil palm bunch collection center in the fixed costs and variable costs can be found as the significant aspect, because of the impact on the survival of the palm oil business in the future and to enhance the ability to construct competitive advantage and improvement in the same industry in different areas.

**Keywords:** Cost, Return, The oil palm bunch collection center, Suratthani

#### INTRODUCTION

Thailand is the world's third-largest producer of palm oil, followed by Indonesia and Malaysia. These two countries are the main oil producing areas of the ASEAN region. Indonesia and Malaysia have a combined palm oil production of about 52.5 million tons or 85% of the world's total output. The consumer countries for palm oil imports are mainly India, the European Union and China and their imports account for about 50% of global palm oil imports. In Thailand, most of the palm oil production is in the South. Thailand currently has 4.7 million rai of oil palm plantations where the oil palm production is around 11-13 million tones/year. Thailand can only use 2 million tons of palm oil per year or 1.2% of the world's production (Phetsichuang, 2016, p. 1). Production of palm oil and palm oil of Indonesia and Malaysia are at a lower cost of production than Thailand. If palm oil was imported from these countries in large quantities prices may drop (Sansomporn & Chamchang, 2014, pp. 327-328).

Draft Oil Palm Strategies for the year 2013-2017 have the goal to expand the area for oil palm plantations and also promote the planting of palm trees in appropriate areas of no food crops and to plant 5.5 million rai of palm plantation and to produce 5.3 million rai of oil palm by 2021 to increase the palm oil production to meet the needs of consumption. The government's policy is to support the production of palm oil as a national alternative energy. As a result, the area of palm growing in Suratthani increased with a continuous increase in productivity and found Suratthani has

the output of palm oil in 28.1 percent of the agricultural area (Suratthani Provincial Administration Board Suratthani Provincial Office, 2015) because the oil palm is a major renewable energy crop. It is also an economic crop that secures food and energy. Palm oil is the main raw material used in biodiesel production in the country to reduce the trade deficit from the import of foreign oil. Thailand can be self-reliant on energy (Pittayapinun & Nissapa, 2012, p. 4).

Most of the study on oil palm is aimed at farmers who grow palm or an extraction plant. It also has an important part related to the oil palm industry. The increase in oil palm plantings has resulted in an increase in the number of palm oil parcels in Suratthani. The number of the oil palm bunch collection center is 660 in Suratthani province plantation (Southern verification center, Suratthani, 2016). There are 36 Oil palm factories, 21 for Grade A, 10 for Grade B Grade. 3 oil palm seed factories, 1 refinery and one storage facility (Department of Internal Trade, Suratthani, 2015) to buy the palm oil production process to extract palm oil by the purchase schedule. The factory will set the price for the purchase and the oil palm bunch collection center will serve as a middleman to buy a bunch of fresh palm from farmers to collect the plant.

The oil palm bunch collection center in Suratthani is an important part of the oil palm supply chain because the courtyard is like a farmer's bank in the area. Some entrepreneurs of the oil palm bunch collection center will allow farmers to withdraw money first and then deduct the yield later. Some entrepreneurs of the oil palm bunch collection center also manage the oil palm plantations instead of the farmers themselves. Presently, the oil palm situation in Suratthani has changed. There is competition in high yield areas. Since the palm oil yard has increased some palm oil palm plantation the incentives are to seek profit from the sale of palm fruit using the method of rinsing water and incubation to weight. As a result, the palm quality of the oil palm bunch collection center is poorer (Chengtong, Chanprasit, Chengtong, & Limpattanasiri, 2008, p. 169). Oil palm bunch collection center is the defendant of the society that causes palm quality to be low before entering the factory. Currently, palm oil farmers are more likely to sell palm oil at the factory more. The price is higher than at the oil palm bunch collection center and every factory needs to buy quality palm oil including the companies of the oil palm bunch collection center (including the oil palm bunch collection center of the factory) with high capital. The single owner entrepreneurs of the oil palm bunch collection center in some places have had to shut down. This causes a loss of value in the economic system.

The oil palm bunch collection center is an important part of the palm oil supply chain. Survival of the oil palm bunch collection center is an important aspect of the Thai Palm Oil business. This study was aimed at analyzing the costs and returns of the oil palm bunch collection center in Suratthani province in order for the operator to manage the costs and returns. The company can reduce costs and increase operating income appropriately.

#### RESEARCH OBJECTIVE

To study cost and return of entrepreneurs of the oil palm bunch collection center Suratthani in the business model of single owner.

#### RESERACH BENEFIT

The cost-return of the study was considered to reduce costs and to increase profitability. This study is the impacted to adapt of the oil palm bunch collection center in Suratthani.

#### Literature review

The oil palm bunch collection center is the place to buy or sell or transfer oil palm to the oil extraction plant from the oil palm plantation and consists of office building, weighing area, oil palm plantation, and storage space for transportation (National Bureau of Agricultural Commodity and Food Standards, 2012, pp. 1-15). From the literature review of the oil palm bunch collection center, there are two similar channels of trading. First, palm oil farmers have the management of the harvesting process by farmers themselves or hire a harvest team of the oil palm bunch collection center which delivers to the oil palm bunch collection center in the area. Then the oil palm bunch collection center will collect the oil palm and sent it to a palm oil extraction plant., and Second, Palm oil farmers have managed the harvest process by the farmers themselves or hired a harvest team or the team from the oil palm bunch collection center. Then the palm oil will be delivered directly to the palm oil extraction plant. There are many the oil palm bunch collection center in the area, it has problems of number palm fruit and power of negotiation between buyers and sellers in the supply chain (Junklab, 2015, pp. 99-101; Sansomporn and Chamchang, 2014, p. 331).

There are 17 districts of palm traders business units in Suratthani, Thailand. There are a total of 660 oil palm bunch collection center: 580 single owners, 11 limited partnership, 59 limited companies, and 10 cooperatives (Southern verification center, Suratthani, 2016). Trang Cooperative Office Department of Cooperative Promotion (2010, p. 14) description of oil palm trading consists of 3 characteristics include sale of oil palm bunch, fallen palm oil and oil palm fruit mixed. In Suratthani province there are two types of palm oil trading, oil palm bunch and oil palm falling. Chengtong, Suttapong, Chengtong, Duangjan, & Loykulnanta (2010, pp. 239-241) explained the oil palm farmers in Suratthani Province have two options for selling palm oil production. First, sale through the oil palm bunch collection center which is the main channel, 73% of total sales volume. The factors that make it popular for farmers are the convenience of transportation, especially for small farmers without their own cars. Second, direct sales to the extraction plant. There are 27% fresh palm sold through this channel. Factors why farmers want to sell directly to the extraction plant include because the extraction plant will buy at a price higher than oil palm bunch collection center at 5-10 satang (Thai Baht) per kilogram. Moreover, there is an uncertainty in the accuracy of the scale at the oil palm bunch collection center which cannot be verified by farmers. Farmers sell oil palms through the same oil center because of the familiarity and price, as well as good facilities from the center Farmers' most important factor is price which is followed by services, places, transportations, and marketing promotion (Chomchey, 2008).

Sansomporn and Chamchang (2014) studied the activities and logistic costs of oil the palm bunch collection center and found that the logistic activities of the palm oil yard were divided into 5 activities: 1) Activities Procurement 2) Process activities related to material management 3) Warehouse management activities 4) Transportation activities 5) Communication activities in logistics. The logistic cost of the yard/cooperative was 0.1241 baht/kg. It is suggested that palm oil/palm oil cooperatives should carry out their own transport and that the volume of purchases is less than 10 tons per day. Entrepreneurs should use 6 wheel trucks and purchase quantities of more than 25 tons per day. Entrepreneurs should use a trailer truck 10 wheels will be appropriate. Chengtong, Chanprasit, Chengtong, & Limpattanasiri (2008) collected palm oil from 29 palm centers in the area of Suratthani province, and found that the yard and the plant had extraction problems in the operation, due to the lack of liquidity in the investment by the palm oil yard. The total cost of the palm yard is 0.25 baht per kilogram with a profit of 0.22 baht per kilogram. It found that the yard had a very small profit to continue business. However, from the in-depth interviews, palm taken from the bunch has a higher price than palm bunch with water to increase weight. As a result, the quality of the palm from the yard has deteriorated and the percentage of oil extracted at the factory was reduced. Therefore, the control of the amount of palm oil bunch collection centers are appropriate under the competition system. This is another issue that will enhance the quality of fresh palm production.

A cost analysis involves the analysis of the total cost (TC). This is the total cost of using different inputs to produce goods and services which consist of total cost and total variable cost. The produce of products and services consists of: 1) Total Fixed Cost (TFC) which is the unchanged cost of production volume or the cost paid for all fixed factors of a business over a period of time at one production rate 2) Total Variable Cost (TVC) which changes according to production volume. In addition, in economics, there is an opportunity cost analysis that is based on inputs including opportunity cost, land loss, and the opportunity cost of working capital. Total Revenue (TR) analysis is based on the investment. Investors hope to benefit from the investment. It is expected that the benefits of the future will be greater than the money invested so investors become wealthy and have more satisfaction.

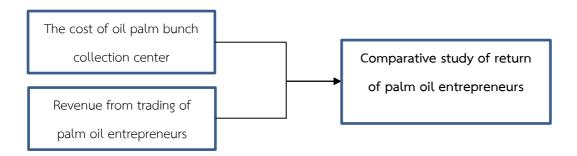
The literature review concludes costs include: 1) The cost of construction of the oil palm bunch collection center which include depreciation of the building. 2) Moving costs which include labor costs, depreciation, and equipment used in transportation. 3) Warehouse management and storage costs which include depreciation of equipment used in warehouse management and space rent. 4) Cost of transporting oil palm fruits, depreciation, maintenance, fuel costs, wages, drivers, and transport cost. 5) Communication costs which include telephone bills (Khunchamnan & Chamchang, 2013, pp. 4-8; Sansomporn & Chamchang, 2014, pp. 334-335).

When considering the costs are separated into and fixed costs and variable costs that the following is described (Khunchamnan & Chamchang, 2013, pp. 4-8; Sansomporn & Chamchang, 2014, pp. 334-335; Chengtong, Chanprasit, Chengtong, & Limpattanasiri, 2008, pp. 141-159)

Total Fixed Cost (TFC) is consisted of the salary of office workers, salary of employees, salary of security staffs, salary of drivers, salary of staffs at the oil palm bunch collection center, insurance payment, highway costs, income taxes, depreciation of buildings and constructions, depreciation of equipment, car depreciation, opportunity cost, and investment in machinery.

Total Variable Cost (TVC) is consisted of the employees' wages, drivers' wages, commission, Maintenance of a building, maintenance of a truck, water bill, electricity bill, telephone bill, interest, promotional expenses, rent, car rental, shipping costs, include oil, fuel, office supplies, and material costs.

#### Research Framework



Figture 1 Research framework

#### RESEARCH METHODOLOGY

#### Population and sample

The population were 17 districts of oil palm bunch collection center in Suratthani. This study only focuses on the 580 single oil palm entrepreneurs (Southern verification center, Suratthani, 2016) were selected sample by using the Yamane formula (1973) at the confidence level 95% and the results show a total of 236 centers. This study is a quantitative analysis using a purposive sampling and researcher collected data from 7 more single oil palm entrepreneurs in a total of 243 samples because in order to improve the accuracy of data analysis and prevent incomplete data in analysis.

#### Research Instrument

The instruments used in the study were questionnaires that developed from Khunchamnan & Chamchang (2013, pp. 4-8) Sansomporn & Chamchang (2014, pp. 334-335) and Chengtong, Chanprasit, Chengtong, & Limpattanasiri (2008, pp. 141-159) The questionnaire divided into two parts:

Part 1: cost of single palm oil entrepreneurs:

Total Fixed Cost (TFC) is calculated from the salary of office workers, salary of employees, salary of security staffs, salary of drivers, salary of staffs at the oil palm bunch collection centers, insurance payment, highway costs, income taxes, depreciation of buildings and constructions, depreciation of equipment, car depreciation, opportunity cost, and investment in machinery.

Total Variable Cost (TVC) is calculated from the employees' wages, drivers' wages, commission, Maintenance of a building, maintenance of a truck, water bill, electricity bill, telephone bill, interest, promotional expenses, rent, car rental, shipping costs, include oil, fuel, office supplies, and material costs.

Part 2 Total Revenue (TR) generated by the operation of the oil palm business.

#### Data analysis

Descriptive analysis: The data collected by the questionnaire and collected from the sample. Then use the method of briefing or explaining the results in percentages.

Quantitative analysis: Analyzing data from income and average cost in Baht per kilogram and consider cost reduction to generate long-term profitability of the business.

The formulas are as follow:

1. Total Cost (TC) from the operations of palm oil business which calculate follows this equation:

#### **RESEARCH RESULTS**

The results of the year 2016 survey from the owner of a single-handed oil palm center showed the value of investment in the center. The researcher collected data in 2016 and found the investment value of single owner of palm oil business consists of investment in the purchase of land, oil palm bunch collection center construction and buildings, as well as the equipment involved in the purchase process to meet the standards of good practice for oil palm bunch collection center according to the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives.

There are also investments in purchasing cars for work and transportation of oil palm to the factory such as truck loader, pickup truck, Volkswagen lift. The single owner business has a total investment value is 14,918,498.32 baht. The average annual depreciation was 2,668,821.96 baht. The value of investment in equipment is 798,480.56 baht. The total investment in the vehicles used in the operation is 12,141,671.49 baht and the value of investment in buildings and structures is 1,978,346.26 baht. (Opportunity cost of assets calculated from Minimum Loan Rate (MLR), Government Savings Bank in 2016 at an interest rate of 6.5 percent).

The cost of single owner entrepreneur is 5,687,712.96 baht. The fixed costs were 3,638,974.25 baht, or 63.98%, and the variable cost was 2,048,738.71 baht or 36.02%. From Table 1, it can be seen that the cost of a single-user palm oil plantation would be costlier than the variable costs which is in a non-cash costs part, in a depreciation part. The study founded that the operating costs of the oil palm bunch collection center oil palm had total cost 1,082.14 baht per ton (1.08 baht per kilogram). The cash cost is 539.31 baht per ton (0.54 baht per kilogram).

**Table 1** The costs of the oil palm bunch collection center

Unit: Baht per Year

Items	Cash	Non-cash	Total	%
Variable cost				
Employees at the oil palm center	159,156.36	-	159,156.36	2.80
Hire driver	117,920.04	-	117,920.04	2.07
Commission	93,888.00	-	93,888.00	1.65
Maintenance buildings	22,367.64	-	22,367.64	0.39
Truck maintenance	80,551.80	-	80,551.80	1.42
Water bill	10,366.68	-	10,366.68	0.18
Electric bill	30,755.76	-	30,755.76	0.54
Telephone bill	12,799.68	-	12,799.68	0.23
Interest	274,412.04	-	274,412.04	4.82

Table 1 (Cont.)

Unit: Baht per Year

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Items	Cash	Non-cash	Total	%
Variable cost				
Car rental	48,012.00	-	48,012.00	0.84
Transportation including petrol	675,396.60	-	675,396.60	11.87
Petrol	132,265.56	-	132,265.56	2.33
Office material	9,952.56	-	9,952.56	0.17
Material in operation	1,193.56	-	1,193.56	0.02
Advertising	86,012.04	-	86,012.04	1.51
Land rent bill	168,648.00	-	168,648.00	2.97
Opportunity cost of variable <sup>1</sup>	-	125,040.39	125,040.39	2.20
Total of variable costs	1,923,698.32	125,040.39	2,048,738.71	36.02
Fixed cost				
Staff salary	132,012.00	-	132,012.00	2.32
Owner's salary	266,236.68	-	266,236.68	4.68
Driver salary	128,984.28	-	128,984.28	2.27
Employee at oil palm center salary	160,898.04	-	160,898.04	2.83
Security salary	117,612.00	-	117,612.00	2.07
Insurance	53,941.92	-	53,941.92	0.95
Income tax	17,295.24	-	17,295.24	0.30
Highways	33,960.96	-	33,960.96	0.60
Depreciation of buildings and		178,390.10	178,390.10	3.14
constructions (%)	-			
Depreciation of equipment (%)	-	123,244.98	123,244.98	2.17
Car depreciation	-	2,367,186.88	2,367,186.88	41.62
Opportunity cost of asset Investments <sup>2</sup>	-	59,211.17	59,211.17	1.04
Total of fixed cost	910,941.12	2,728,033.13	3,638,974.25	63.98
Total of costs	2,834,639.44	2,853,073.52	5,687,712.96	100.0
Total of costs (Baht per kilogram)	1.08			
Total cash cost (Baht per kilogram)	0.54			

Source: From survey and calculate

<sup>&</sup>lt;sup>1,2</sup> Opportunity cost are calculated from Minimum Loan Rate (MLR) of the Government Saving Bank in 2016 at an interest rate of 6.5 percent.

The average yield is 14.40 tons per day, equivalent to 5,256 tons per year. The average purchase price is 6,090.00 baht per ton and average selling price is 6,290.00 baht per ton. Return on oil palm trading of single owner entrepreneurs has a return on trading of 1,051,200.00 baht per year. The return on trading is 0.20 baht per kilogram. The total return is -0.88 baht per kilogram with a cash return of -0.34 baht per kilogram. The considering in return it is seen that the entrepreneur of oil palm bunch collection center had the difference from the trading return is less than the cash cost of -0.34 baht per kilogram. This is the main cause in the loss of oil palm bunch collection center and close business in the form of the single owner.

**Table 2** The returns of oil palm bunch collection center in Suratthani

Items	Return of an investment		
Average factory Sales Volume (tons / day)	14.40		
Average factory Sales Volume (tons / year)	5,256.00		
Average purchase price (baht per ton)	6,090.00		
Average factory sales price (baht per ton)	6,290.00		
Return on trading (baht per year)	1,051,200.00		
Return on trading (baht per kilogram)	0.20		
Total return (baht per kilogram)	-0.88		
Cash return (baht per kilogram)	-0.34		

Source: From survey and calculate

The financial analysis revealed that the palm oil yard had a payback period (PB) of 14.20. This means that the palm oil yard has a repayment period of 14 years and 2 months. Considering net present value (NPV) of palm oil palm plantations is Bt 4,636,512.96 a negative result mean that palm oil palm plantation operators are not worth the money. The cost benefit ratio (BCR) is 0.18, which is less than 1. It shows that the palm oil mill operation is less costly than the cost that happened.

#### DISCUSSION

The data analysis shows that the costs of managing oil palm bunch collection center owners are the same in Suratthani. The results of the data analysis show that the cost of management of entrepreneurs in oil palm bunch collection center in Suratthani is a high investment in the purchase of land and the purchase of a car with a high depreciation as well. The oil palm entrepreneur should have a financial planning system. For example, for the transportation of oil palm to the extraction plant, the entrepreneurs need to analyze the break-even point by choosing a transportation vehicle to suit the size of oil palm production and the number of shipments per day to the factory. This is another way to extend the life of the transported vehicle and reduce the maintenance cost.

The quantity of Oil Palm Bunch Collection Centers in the area has a lot of competition. The price of the purchase by some Oil Palm Bunch Collection Centers have attracted farmers to sell palm oil in their centers by managing the oil palm plantation for farmers. The cost of labor and fuel costs are also covered by the centers. The highest variable cost of the oil palm business is the total oil transportation cost. The Oil Palm Bunch Collection Centers will have a total transportation cost of 0.12 baht per kilogram. This cost is higher than the cost of transporting oil palm in Krabi studied by Sansomporn and Chamchan (2014). The oil palm plantation in Krabi has a transportation cost of 0.07 baht per kilogram.

Transportation costs have a major impact on the oil palm industry. Therefore, Oil Palm Bunch Collection entrepreneurs should sell oil to nearby plants to save transportation costs. There are also some oil palm plantations that sell oil palm to distant factories. Because of the fact that the factory is far away, the price is higher. Oil palm traders need to check the daily trading price. It should be calculated clearly compared to the distance in transportation. The decision to choose a route to the oil palm plant that is clearer and more profitable. Sansomporn and Chamchan (2014) suggested that Oil Palm Bunch Collection entrepreneurs should transport it themselves. Six-wheel trucks are suitable for less than 10 tons per day and 10-wheel trucks and 18-wheel trucks are suitable for the purchase of more than 25 tons per day.

Based on the results of investment analysis and payback period (PB), Net Present Value (NPV) and cost-benefit ratio (BCR) are not worth the cost and from the survey area, the number of palm oil dumps decreased continuously. As compared to the work of Chengtong, Chanprasit, Chengtong, & Limpattanasiri (2008) of the original number of 580, in the year 2008, there were only 355 centers existing. In 2016, old palm bunch collection centers will continue to operate. Since the oil palm bunch collection center is a regular customer of the extraction plant, and the extraction plant offers extra returns from the original purchase price in order to motivate entrepreneurs to sell palm to plant, some entrepreneurs of oil palm bunch collection centers have decided to trade quality oil palms. The extraction plant will provide a higher price than the normal price. However, there are some entrepreneurs who are trying to figure out strategies to increase revenue for businesses by making palm ripen, fall from bunch, and watering in order to increase the palm weight. As a result, the situation in the oil palm bunch collection center will be worse. It is because the oil palm bunch collection center is one of the supply chains. Palm Oil Quality Development should develop the system as well as centers.

Currently, the Roundtable on Sustainable Palm Oil (RSPO) is the standard of palm oil production that covers the economic, social, and environmental dimensions which are internationally recognized. This RSPO will be a corperation between the group of farmers and the extraction plant in the area. In the future, farmers will be more likely to sell more oil palm to the factory because the price is higher than the sale of oil palm at the center. If the oil palm bunch collection center

does not plan to deal with this, it may affect future trading volume and consequently, the fixed costs and variable costs incurred in the palm oil palm business. Therefore, it is important for operators to focus on improving the quality of the center in accordance with the standards of the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives. Good practice for oil palm plans will affect the survival of the palm oil palm business in the future. It is important that the structure of the oil palm industry in Suratthani has a lower cost to increase the ability to create competitive advantage and to create price advantage with the same industry in different areas.

Chengtong, Chanprasit, Chengtong, & Limpattanasiri (2008) found the number of entrepreneur in oil palm bunch collection center in the area has increased, which it seems palm oil business can generate a good business profit. It is noteworthy that in 2016, the researchers collected information that the number of the entrepreneur in the oil palm bunch collection center in the business model of single owner and found that number of oil palm bunch collection center decreased from the original 580 to only 355 centers. A summary of 2016 survey conducted by researcher with the Southern verification center (Suratthani), and the oil palm bunch collection association in Suratthani which is caused by intense competition in the business and the sale is undercut. Including the oil palm bunch collection center of the factory as a competitor. The entrepreneur in the single owner business of oil palm bunch collection center must shut down or sell the business. It is found that the oil palm bunch collection center that can operate because the entrepreneur is a regular customer of the extraction plant and the extraction plant offers extra compensation from the original purchase price to motivate them in selling oil palm to the extraction plant.

The situation of Oil Palm Bunch centers in the future will be more severe because the center is part of the supply chains. Oil palm quality development should be for the whole system. At present, there is a sustainable production standard for palm oil (Roundtable on Sustainable Palm Oil: RSPO). It is a standard for oil palm production that encompasses economic, social and environmental dimensions internationally recognized. In this RSPO, there will be cooperation between the farmer group and the extraction plant in the area.

Therefore, fixed costs and variable costs are incurred in the oil palm business. This is what entrepreneurs need to focus on when improving the quality of the centers, according to Good Manufacturing Practices for oil palm collection center of the National Bureau of Agricultural Commodity and Food Standards. This will affect the survival of the palm oil palm business in the future. It is an important part of the palm oil industry in Suratthani; having lower costs to increase the ability to create competitive advantage and the price advantage with the same industry in different areas.

#### SUGGESTION

- 1. The oil palm bunch collection center and the companies of the oil palm bunch collection center the Variable cost management is required for the cost of transportation to be effective. Therefore, it should plan to sell the palm in the nearby plant that can give a higher price to reduce the cost of transportation. The vehicle should be transported appropriately and in accordance with the volume to save as much money as possible.
- 2. The government or related agencies should have control of the number of the oil palm bunch collection center and also follow up the amount of palm oil palm plantation in accordance with the quantity of oil palm plantation and consistent with the capacity of the extraction plant in Suratthani Province.
- 3. The entrepreneurs of the oil palm bunch collection center in Suratthani Province should be in a partnership with other entrepreneurs of the oil palm bunch collection center or join the palm oil trade association in Suratthani Province in order to build same standard, where for example, the palm oil is the same price.

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## ผู้เขียนบทความ

นางสาวดาริน รุ่งกลิ่น อาจารย์ประจำสาขาวิชาการจัดการธุรกิจค้าปลีก

E-mail: rungdarin@gmail.com

นางสาวสุกานดา เทพสุวรรณชนะ อาจารย์ประจำสาขาวิชาการจัดการธุรกิจค้าปลีก

E-mail: nung ai@yahoo.com

นายอัครภณ ขวัญแก้ว ผู้ช่วยนักวิจัยโครงการแนวทางการพัฒนาระบบการจัดการ

ลานเทปาล์มน้ำมันอย่างมีประสิทธิภาพ

E-mail: novell242303@gmail.com

ผู้ช่วยศาสตราจารย์เตชธรรม สังข์คร อาจารย์ประจำสาขาวิชาการจัดการธุรกิจค้าปลีก

E-mail: techadham@hotmail.com

คณะวิทยาการจัดการ มหาวิทยาลัยราชภัฏสุราษฎร์ธานี เลขที่ 272 หมู่ที่ 9 ถนนสุราษฎร์-นาสาร อำเภอเมือง

จังหวัดสุราษฎร์ธานี 84000