



Innovations in a social enterprise in Thailand

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Abstract

Most consumers still do not realize the value of local traditional Thai products, while the community of producers always produces the same pattern and style of products and does not develop product variety and uniqueness. Moreover, the weaving industry does not have sufficient support from the government and does not have a main organization to help drive development of the industry. Therefore, the most important issue for producers is to develop their potential at the community enterprise level so that they can increase the added value to enhance their working process, and to develop the skills and knowledge required to produce more innovative products in order to maintain a competitive edge. This paper studies the innovative management process in a social enterprise and suggests an innovative method for enhancing the effectiveness of community enterprises by integrating process innovation and marketing innovation. The research focused on a qualitative approach through literature analysis and a case study. The findings present processes and marketing innovations. These innovations are a key source of the case company's success.

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Introduction

There is a wide range of local fabric products in Thailand, as well as plenty of knowledge in the science of natural and culturally woven resources, especially Thai silk, which is very well known internationally. Fabric products and clothing are considered very important for the development of Thailand's economy. Information from the [Thailand Textile Institute \(2012\)](#) stated that based on contribution to the gross domestic product (GDP) value of the country, the Thai fabric industry was ranked fourth, preceded by food and beverage, office appliances, and automobiles, respectively. At fourth ranking, the fabric industry's value was calculated at USD 70 billion, or 2.2% of GDP. Currently, there are 163,827 operators in the Thai fabric industry. Among this number, 99.8% can be classified

at the small-sized and medium-sized enterprise (SME) level (163,500 operators). With such a large proportion, the employment rate of the industry is 666,092 laborers, or 66.6% of the total labor force of the country. Despite this huge number of employees, the industry's added value is only 31.2% ([Thailand Research Fund, 2011](#)). Although the fabric industry can generate a lot of income in the country, most of the operators are at the level of community enterprise only, and hence, their producing abilities are quite low. The producers at the initial and final stages lack proper support and development ([Thailand Textile Institute, 2015](#)).

In addition, there is a lack of domestic demand, and the market is limited to certain groups of niche buyers. Most consumers still do not realize the value of local traditional products, while the communities of producers always output the same patterns and styles of products and do not develop product varieties and uniqueness. Also, it is very difficult to control the standard of the production process of handmade products and the shortcomings of resources like silk and cotton. In addition, this industry does not have

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enough support from the government, and the responsible organization which is supposed to drive the development of the industry does not function well. As a result, the most important issue for producers are: to develop their potential at the level of community enterprises; to increase the added value to enhance working processes; and to develop the skills and knowledge required for better innovative products in order to maintain a competitive edge. The next step for the Thai weaving industry is to develop innovative weaving products with a standardized weaving quality that are being marketed, designed, and produced in response to today's customers' needs ([Thailand Textile Institute, 2015](#)).

Apart from the problems with the production capabilities, a lack of human resources is another issue found nowadays ([Juntara, 2012](#); [Office of Industrial Economics, 2011](#)). Compared to other nations in The Association of Southeast Asian Nations (ASEAN), human resources in Thailand's textile industry are considered as possessing advanced skills. The problem can be found in the lack of workers at the level of operators and managers. The effect of this problem is becoming increasingly more serious because Thai people in this generation do not want to work as operators in factories. Therefore, the number of people working in this industry has declined continuously. There is also a problem concerning the lack of knowledge and understanding of new textile products and markets, especially at the community enterprise level ([Juntara, 2012](#)). This leads to an inability of the textile industry to produce products that serve the customers' demands. Moreover, they are unable to access the target customers.

From the issues mentioned, this research examined the industry as a social enterprise through a case study. This social enterprise began its operation in 1984 as a project to develop the quality of the woven products of Thai minority groups and hill tribe people in the northern part of the country (Mae Fah Luang in Chiang Rai province) and eventually this project became a successful business unit. The goal of this research was to elaborate the innovative method in the case study and to provide insight into how it enhanced the effectiveness of the community enterprises so that the work ability of the community enterprise could develop its potential and be more effective, thus paving the way to generate the hypothesis. To meet the objectives of this study, the following research question needed to be answered: Which innovative methods are the key success factors in the case of this company?

The research was conducted with a qualitative approach through a literature analysis and a case study. This research attempted to answer the research question by examining the working process and marketing method within the case study.

Literature Review

Weaving Industry in Thailand

The Thai weaving industry is considered an important part of the overall economy of the country, as can be seen from its ranking as the 12th worldwide export item, with a value of about 4,300 million USD per year ([Thailand Textile Institute, 2012](#)). This number shows that the textile

industry is crucial to the overall economy of the country. In addition, the textile industry is the basis of many sub-businesses, such as the suppliers of raw materials, cotton and silk, through the cloth-weaving industry. The overall industry employs approximately 1,023,000 people, which is 19% of the labor in the production part ([Office of Industrial Economics, 2011](#)). Nowadays, the Thai textile industry is facing many problems especially, a lack of laborers, knowledge and understanding in marketing, and new product development of the smaller entrepreneurs. Compared to other countries in ASEAN, Thai textile laborers are considered highly skilled workers. However, as mentioned earlier, these days, entrepreneurs face human resources problems on the operation and management levels ([Office of SMEs Promotion, 2013](#)). The effect of this problem is getting increasingly more serious because the Thai people of this generation do not want to work as routine workers in factories. Therefore, the number of people working in this industry has declined continuously. In addition, smaller entrepreneurs do not understand marketing, and their market strategies have been insufficient. In other words, they tend to produce products that they are familiar with without considering the demands of the market and the target customers. This means the products are not unique, and the marketing channels are not appropriate ([Office of SMEs Promotion, 2013](#)).

Apart from the problems within the country, the Thai textile industry faces problems outside the country, including severe international competition. [Juntara \(2012\)](#) stated that most competitors are those in the lower markets where they have cheaper labor which is considered an advantage in terms of product cost. The most important competitor of the Thai weaving industry is China, which possesses the highest world market share (15% of overall weaving products). Indonesia is another important competitor after China. Indonesian weaving products are considered the most important export products of the country because of their advantages of lower labor costs. In addition, the Indonesian government continuously has supported the country's weaving industry. This is the main factor driving the country's ability to produce weaving products. However, there are some studies that analyzed the survival of Thai weaving by looking at countries from which its weaving industry can adapt best, such as Italy. In the case of Italy, mid-sized industry can adapt using the advantage of being family businesses, which can adapt and develop rapidly and effectively according to customers' requirements. In addition, such family businesses position their products at the high-class level only, where the products from China cannot compete. The middle- and small-sized weaving businesses in Italy establish a business alliance so that all resources, research, and expertise can be shared. This helps to reduce the cost and time consumed in developing and launching new products into the market ([Juntara, 2012](#)).

From the data presented, it can be seen that marketing is the main obstacle to the textile industry besides the production process. [Rhee and Mehra \(2006\)](#) pointed out that in business development, regardless of size (either large or community enterprises), the alignment of production and marketing are the key factors that will bring

about the success of the business. In addition, [Promsaka Na Sakolnakorn and Naipinit \(2013\)](#) found out that even if the enterprise can provide products and services efficiently, marketing remains a problem for community enterprises. Most community enterprises still lack knowledge and skill in developing a marketing plan, market surveys, and opening up new markets which lead to an inability to reach the targeted customers widely. From the above mentioned factors, it can be seen that in order to develop a community enterprise that has a competitive edge in the market, besides the focus on quality production, marketing is another important factor.

Innovation

Nowadays, changes are an intrinsic part of society. Therefore, we need to be innovative and able to respond to changes. Innovation, simply put, is what is created to serve the change and help people live more comfortably and efficiently. Innovation does not include only the material but also design and production methods. Innovation can be considered a crucial element for a business advantage ([Boons, Montalvo, Quist, & Wagner, 2013](#); [Dereli, 2015](#); [Marques, Gerry, Covelo, Braga, & Braga, 2011](#)). As a result, government policies mainly focus on the development of a national competitive edge through the operation of industries. A competitive edge and production ability can be measured through innovation as well ([Dereli, 2015](#); [Oyelan-Oyeyinka, Laditan, & Esubiyi, 1996](#)). [Everett \(1983\)](#) defined innovation as thoughts, actions, or new things that are accepted as new by an individual or groups in a society. [Sage \(2000\)](#) points out that innovation is a product, procedure, or technology that has never existed before. It is created through the customers' needs in order to make a change in the competitive ability and help position the organization that creates the innovation to be in a more advanced stage ([Lendel & Varmus, 2014](#); [Thrane, Blaabjerg, & Moller, 2010](#)).

[Gopalakrishnan and Bierly \(1997\)](#) define innovation as 'the creation of new things'. However, the definition of innovation can still be seen in several different ways, including through the following three angles: 1) Newness is the development of a new thing, which can be the product, service, or process. It can be the development of the existing things or the development of a completely new thing ([Beije, 1998](#); [Freeman & Soete, 1997](#); [Schilling, 2008](#); [Utterback, 1971](#)). 2) Economic benefits are benefits in terms of economics or commercial success. In other words, innovation must lead to value adding from the development of such things ([Hippel, 1988](#); [Pavitt, 1984](#)). The benefits gained can be directly or indirectly measured by the money gained ([Drucker, 1985](#); [Marques et al., 2011](#); [Utterback, 1971](#); [Yingbo, Jiankun, & Li, 2010](#)). 3) Knowledge and creativity ideas are the application and creation of innovation. Innovation must be based on the application of the knowledge and creation that leads to the development of the new things. It must not be a duplication or copy ([Cavusgil, Calantone, & Zhao, 2003](#); [Darroch & McNaughton, 2002](#); [Drucker, 1985](#); [Gloet & Terziovski, 2004](#); [Herkema, 2003](#); [Marques et al., 2011](#); [Perez-Bustamante, 1999](#); [Shani, Sena, & Olin, 2003](#)).

Innovative products can be classified as tangible or intangible products. Generally, innovation can be typed as product innovation and process innovation ([Khan & Manopichetwattana, 1989](#)). In addition, innovation can also be classed through its dimension by the degree of innovation and the type of innovation ([Tidd, Bessant, & Pavitt, 2001](#)). Product innovation is the procedure that leads to the development of products (products and services) in order to make them better in quality for the customers and to make more income for the company ([Kok & Biemans, 2009](#)). Building innovative products heavily affects the maintenance of the company's growth and competitive ability. Process innovation is the change in direction or methods in producing products or services in order to make them different from what has already been there. [Porter \(1999\)](#) explained that market innovation includes the new market in which the company has never launched the products before, either directly or indirectly, through the agency methods. It also includes the expansion of the company's markets in the country where the company has already conducted business both directly and indirectly. For example, it is the setting of new prices, a new agency, new promotion, new advertising, new marketing strategy, or a new selling channel, or newly created products so that the customers can be reached more easily. Innovation in this study is viewed in two dimensions as process innovation and market innovation.

More specifically, for the operational meaning of this study, process innovation is the new work directions or methods created from the integration among organizations with the existing knowledge and new knowledge so that the work obtained can be more effective, while marketing innovation is the application of marketing principles as appropriate to the context of the enterprise so that the products can be more easily and widely accessible to the customers, which leads to a higher selling target afterwards.

Research Methodology

This research was conducted as a case study, with an innovative method in the weaving process being studied in a leading social enterprise in Thailand. The case study research is particularly appropriate for research that deals with practice-based problems where the experiences of the respondents are important ([Distanont, 2012](#)). It realizes the true environment and aims to study the phenomenon in depth ([Yin, 2009](#)). This research studied the weaving process in order to explore the innovative methods which are a key source of success in the case company. The research question was designed on the basis of a single case study. A single case study is appropriate when the case studied is special with regard to understanding and classification ([Voss, Tsikriktsis, & Frohlich, 2002](#)). This research utilized a single case in order to understand the innovative method in a specific area, namely the weaving process in the context of a successful social enterprise. The research question was addressed via a qualitative approach through literature as well as empirical analysis. The main data collection methods were interviews and observations. Interviewees included 10 people who played different roles in the case company. The research process had three phases ([Figure 1](#)):

Phase I:

In this phase, the literature review was executed in order to understand the overall weaving process and the Thai weaving industry in the context of social enterprise.

Phase II:

This phase was the empirical study. The data were collected through in-depth interviews with experts and by observations in the case company. The company used for this case study was a social enterprise initiated to help housewives among the tribal and minority people living in the northern part of the country so that they can be financially independent. The company started by employing local knowledge as the base for further improvement and development. Also, new market channels have continuously been opened so that new groups of customers can be accessed. The locally woven cloths have been developed into various forms of products such as carpets, scarves, and dresses. The local products have progressed to become premium-grade products and are accepted widely by the Thai people and foreigners. This social enterprise was selected as the case study because the differences that occurred showed that a small-sized textile business can achieve success through innovation, and this success can be used as a guideline for a business to follow. For the interviews, respondents were selected carefully on the basis of their professional background and expertise (see Table 1). Selected respondents held a responsible position related to the weaving process. Three of the interviewees were at the executive level, three interviewees were at the

Table 1
Brief characteristics of the informants

Job level of respondents	Numbers of respondents	Years of experience
1. Executive level	5	15–20 years
2. Operational supervisor level	8	15–20 years
3. Operational staff level	8	5–10 years

operational supervisor level, and four interviewees were at the operational staff level. Experience and current interests ensured high motivation among the participants and up-to-date knowledge of the discussed topics. The aim of the interviews and observation was to explore the weaving process in the case study.

Phase III:

The final phase was to combine the intensive theoretical reviews and findings from the empirical analyses to illustrate the innovative methods in the case study and to provide insight into how it enhanced the effectiveness of the case study. Data collected in this research was systematically coded and analyzed using the NVivo program. NVivo is a qualitative data analysis computer software package which helps with classifying, sorting, and arranging data. In this research, this analysis was useful to extract meanings and insights based on the data collected from the interviews.

In order to ensure the reliability and validity of the research, data triangulation, research triangulation, analysis with the NVivo program and validating the research reports from the informants were used in this research.

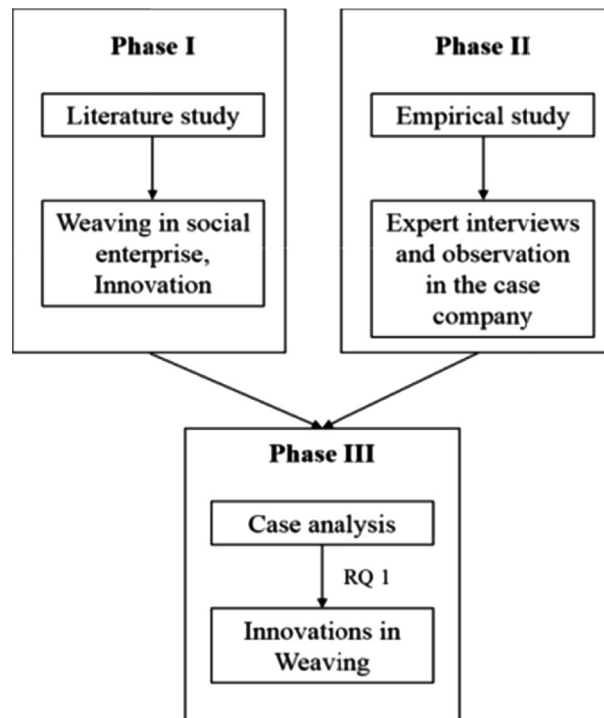


Figure 1 Research process

Reliability can be improved by recording, transcribing, and storing in a systematic way and using the NVivo program to assist in coding, analyzing and in helping to organize the resulting patterns. Validity was increased by collecting data from the different roles and positions of the informants (data triangulation), using three interviewers to make the interviews (research triangulation), and letting the informants review and comment on the empirical material and working drafts of the empirical analysis.

Results and Discussions

The objectives of this research were to illustrate process innovation and marketing innovation of a case company and to generate the hypotheses. The description of the case company is presented in Section 1, the analysis of the innovative method as a key source of success in the case company is presented and discussed in Section 2, and the generated hypotheses are shown in Section 3.

Weaving Business of the Social Enterprise

The social enterprise in this case study is employed in fabric production and operating for public profit. They also aim to develop the well being of Thai minority groups and hill tribe people in Thailand while maintaining their identity, pride, and way of life, along with the natural environment. The goals of the enterprise are to maintain the arts, culture, and traditions of the Thai hill tribes and people in the northern part of the country. The organization believes that in order to achieve these goals, the pristine condition of the natural environment and the happiness of the people in the social enterprise must be in balance. The enterprise considers that the pristine condition of nature depends on the stability of humans and the environment; for example, deforestation will never be solved unless the basic needs of people are solved. Therefore, the enterprise has tried to develop several business sectors, such as a food sector, agricultural sector, tourism sector, and handicraft product sector, to enhance the quality of the lives of the local people in the long term. One may see that the enterprise has developed its operation substantially from the single project of planting productive plants instead of the opium poppy. The enterprise aimed at the stable development of people's lives with the highest aim to advance people's skills, thoughts, and business ability to deal with the development and fluctuations of the world market, which can in turn affect the local economy.

Since 2002, the enterprise has been able to rely totally on itself based on the income gained from all business sectors. The enterprise was to use as little of the government's budget as possible within the first 14 years of the project. This can be viewed as a potential model for local people to achieve self-reliant well being and to illustrate that the enterprise can bring long-term income to its members to provide skill-training sessions for the continuous development of local knowledge in accordance with the local context of each area, such as planting macadamia nut trees and coffee plantations, flower production, producing handmade products, and raising cattle. After the initial process of starting the enterprise, the next stage is

product transformation and value-added activities that will not interrupt local knowledge and culture, or destroy the environment. Besides being the business sector, the enterprise continuously supports human resources development, benefits the public, and protects the environment.

Handmade products are among the sectors that are considered very important to the enterprise. Previously, local people produced handmade products using their local and traditional skills inherited through many generations. Handmade products can be viewed as the reflection of local ways of life, culture, and tradition in the community. Local Thai women possess very high skills in weaving cloth; the enterprise only provides the weavers the modern techniques, and newly designed patterns. The workers are women aged from 20 to 65 years. The elderly are responsible for the light tasks, such as spinning the reel, while those younger work on heavier tasks, such as carpet weaving. The youngest group of workers is placed in the sewing process because they have good vision and are able to handle the modern weaving machines. The material used is mainly natural. Workers are trained by experts in coloring and weaving techniques. As a result, the fabric obtained is very special and can cover a wide range of products, such as cloth for dresses and home decorations, such as cushion covers, pillow cases, and hand-woven carpets, which are normally woven from thick, hand-woven, cotton stuffed with sedge, opium, ramie, and jute fibers.

Innovative Methods as a Key Source of Success in the Case Company

The Working Process of Weaving in the Case Company

The process of weaving in the case company was a considerably different process from other community enterprises in many aspects, including the production process that applied management principles, marketing, and a new product development process. These differences come from the collection of local knowledge and skills from the workers' ancestors, plus the integration of modern technology through training by members of the business sector, and hence, eventually the working process in several aspects can enhance the handmade products and process to a higher quality. The weaving process in the case company consists of four stages: 1) sales and marketing phase, 2) product development phase, 3) pre-production phase, and 4) production phase (Figure 2). The findings show that most innovations in the case company come from the sales and marketing phase and product development phase.

However, the weaving process of other community enterprises comprises three phases: 1) product development, 2) pre-production, and 3) production. Additionally, there is a difference in the product development process. The case company has both development based on existing products and development of new products, while other community enterprises have only pattern making in the product development phase (see Figure 3).

The Emergence of Innovation in the Case Company

The innovation created by the case study can be classified into two dimensions: process innovation and marketing innovation (Figure 4). The collected knowledge with the integration of new knowledge can lead to innovation and

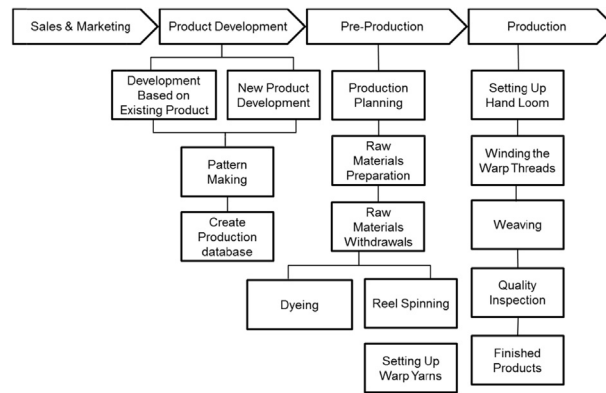


Figure 2 Weaving process in the case company

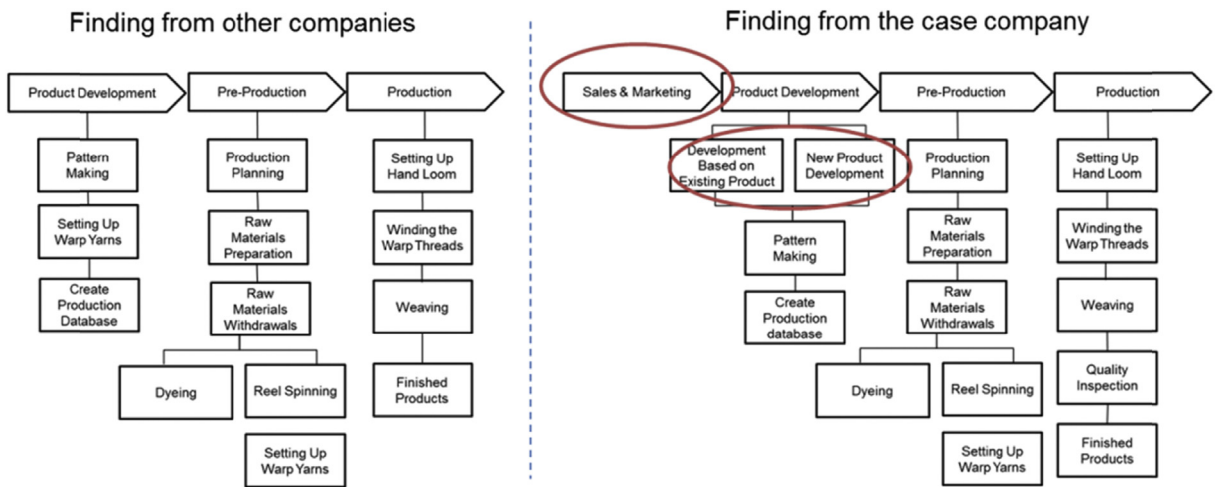


Figure 3 Differences in weaving process between the case company and other community enterprises

advantage in the competition of handmade products, which can provide a stable income to the case company.

Process Innovation. In Figure 3, process innovation comes from the collection of knowledge, expertise, and experience in each weaving process. The knowledge that leads to the process innovation of the enterprise can be classified into three levels: 1) expert level, 2) practitioner level, and 3) basic level (Figure 4).

- 1) Expert level: The expert knowledge that brings process innovation is work directions and guidelines according to a standard, such as the International Organization for Standardization (ISO) which is applied in weaving products so that the process can be more systematic and reduce loss of production time. In addition, they can be applied to sales and market knowledge for forecasting and planning so that the new selling development can increase the sales target and customer accessibility.
- 2) Practitioner level: This level considers technical knowledge regarding the weaving process. The staff in the organization possess considerably high skills in this

regard because they are trained regularly and practice until they are skilful and drive process innovation which produces the products faster and more effectively. They also can develop, explore, and design new cloth patterns and products continuously.

- 3) Beginner level: The knowledge at this level is for beginners or practitioners who need to learn everything about weaving and apply such knowledge practically afterwards. This basic skill can evolve to new knowledge for the organization and process innovation eventually.

The transfer of knowledge from the basic level to the expert level enhances the systematic transfer of knowledge which leads to new ideas and new perspectives in working which enable the workers to develop new working processes that are more efficient and more effective. This procedure leads into the case study for process innovation of the enterprise. In addition, the subdivision of the knowledge into three levels enables the enterprise to plan the development and administration of the knowledge and human resources development efficiently. The organization then is able to provide the appropriate training for the staff in order to enhance their skills and work knowledge as well

Innovation emergence in weaving enterprise

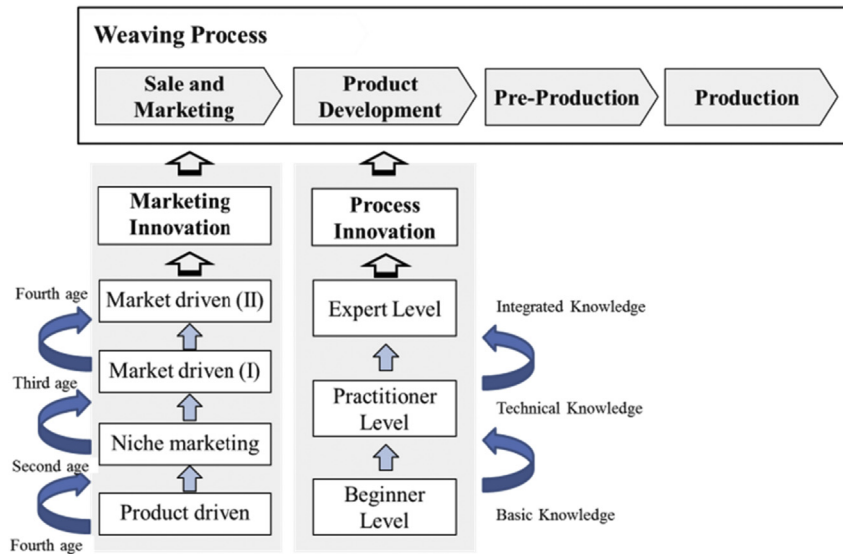


Figure 4 Process and marketing innovation emergence in the case study

as their career path planning. In this way, the staff can see their career progress and have the motivation to develop their own skills. Also, this can help maintain skilful human resources in the organization, as they can see their career path clearly. Simply put, the planning of knowledge transfer and systematic training can motivate younger generations to be interested in cloth weaving.

Marketing Revolution and Marketing Innovation. The study showed that the case study organization runs marketing differently from other community enterprises. The organization has used marketing innovation in the evolution story for the handmade products. They show the history of the organization since its establishment, its founders, missions, goals, and results until the present. Through this, customers feel connected to the products and want to be a part of the organization and help society. This kind of market innovation receives a high response from the market and make the organization very successful. Also, it helps to widely popularize the organization's products. More elaborately, the company's market innovation can be classed into four main ages of the organization:

1) First age: product driven:

This is the marketing method through the use of a product-driven strategy. The organization started its role by entering the community and launched the products that had already existed into the market. They tried to sell these products outside the community because it was considered better than waiting for people visiting the community to buy the products. The production at that time was done through the household method and supply side with the highlight being the newly designed patterns and the unique quality of hand weaving.

2) Second age: niche marketing:

When the society, environment, and economy changed, the organization's handmade sector began to construct its own building, including a sewing factory and a carpet-weaving factory. This was considered the age that the organization started to bring sewing and weaving machines into the production process. Also, the private sector began to join the organization by providing basic knowledge and suggestions concerning the machines to the staff so that the handmade products could be produced more conveniently. The marketing at that time focused on a group of well-known and elite customers. The organization tried to make these people aware of the organization's products and use them more. Later, when the market condition and competition changed, the old way of marketing was considered insufficient. Therefore, the organization needed to apply new marketing ideas. They focused on market-driven promotion with the intent to drive the products to become more widely known and to be able to produce the products accurately and according to the customers' needs.

3) Third age: market driven (I):

In the first phase of the market-driven age when the technology dramatically developed, the organization could not avoid adjusting itself to this industrial age. Therefore, this era can fully be called the factory age. They worked with the private sector and had a clear business plan and production process. They also employed designers from abroad to help design the handmade products to be modern and appropriate to the need of customers. Marketing at that time focused on branding. They held fashion shows both inside and outside the country so that the handmade

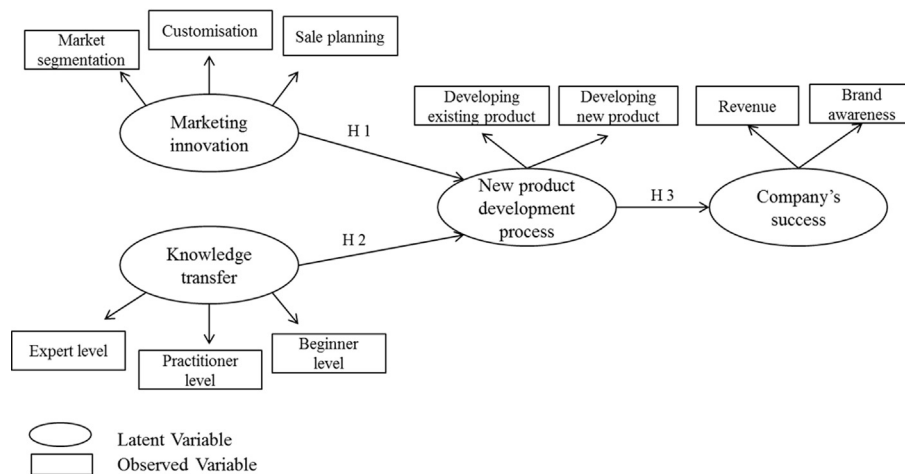


Figure 5 Research model

products could become widely known. Also, they produced the products by focusing on the need of the market.

4) Fourth age: market driven (II):

In the second phase of the market-driven age, after the brand and the products already were well known domestically and internationally, marketing in the present age then focused on selling products. This age is marketing innovation. The case company applied sale planning to forecast the sale. Also, they ran market surveys and had customer and market segmentation, as well as market targeting. To illustrate, they classed the customers as general customers, corporate customers, wholesale, or retail, among others. In addition, they applied the principles of new product development so that the products designed could serve the needs of the customers in each group more accurately. An analysis of the production and management of the market innovation from the past and present shows that this social enterprise has collected and developed their knowledge continuously. This knowledge has been further developed for several other innovations.

Discussion-Proposing the Hypothesis

The results of the study showed that the main reason behind the success of the small-sized weaving business is the improvement of the working process, especially in the marketing and product development, so that innovation can occur. According to the results, the hypothesis can be generated as follows (see research model in Figure 5).

1) Marketing innovation: Marketing innovation in the case company emerged in the fourth age of marketing revolution. Marketing innovation comprises three main components: market segmentation, customization, and sale planning. The results of the marketing innovation are used for the support of new product development; therefore, the new products can be matched with the

requirements of the customers. This marketing information is important for the successful development of the new product.

H1: Market innovation has a positives impact on new product development.

2) Knowledge transfer: According to the results, the case company needs to access knowledge from three levels—expert, practitioner, and basic—in order to create new products. The process innovation in the case company originates from the transfer of knowledge among these three levels. The case company is able to transfer the knowledge better which seems to translate init greater success in developing the new products.

H2: Knowledge transfer has a positives impact on new product development.

3) New product development: The new product development process has become a significant source of the company's success. The case company has a new product development process which consists of development based on existing products and the development of new products. According to the results, the new products of the case company are created and launched into the market continuously in order to drive the success of the case company. The success of the case company is measured by the revenue and brand awareness.

H3: New product development process has a positives impact on social enterprise's success.

Conclusion

This study explored the management of the weaving industry in a social enterprise through a case study to be used as a guideline for the weaving industry in other community enterprises in Thailand. It also aimed to develop the potential of community enterprises. This study was designed as qualitative research comprising three main stages: 1) a review of the literature, 2) empirical research, in which the tools employed were observation and in-depth interviews with three groups of participants,

namely, executives, operation chiefs, and operation staff, and 3) the analysis and conclusion stage. The study showed that the working process and management of the weaving industry of the social enterprise is different from other community enterprises in terms of production process, new product development process, and marketing. These differences arise from the collection of local knowledge from the local people's ancestors and the integration of modern knowledge obtained through training; these ultimately led to work innovation in several aspects and a production process that made the handmade product more efficient and more effective.

The research results also indicated that the integration of the local knowledge with a modern management system can bring several innovations, of which the most obvious are process innovation and marketing innovation. Marketing innovation drives changes and helps the handmade products become widely known. The company's marketing innovation can be classified into four ages. The first age used product-driven marketing, while the second age used niche marketing. The third age used market-driven marketing with an emphasis on branding, and the fourth age was market driven with an emphasis on selling. The collection of handmade product knowledge leads to the process innovation. It can be classified into three levels: expert, practitioners, and beginners. Such knowledge is the basis for more effective working within the organization and also can help enhance the quality of the weaving product and can build the organization's competitive ability regarding sales.

The results obtained from this research can be used as guidelines to enhance the potential and effectiveness of community enterprises and to add value to community enterprises' products, where the main element is the collection of knowledge in terms of local and cultural identity and modern management, which can help develop new products and marketing strategies in response to the need for a long-term competitive edge in the market.

Conflict of interest

There is no conflict of interest.

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