

# COMMUNITY BUSINESSES AND THE SUCCESSFUL HUMAN RESOURCE MANAGEMENT STRATEGIES

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## ABSTRACT

The main purpose of this research was to describe the successful human resource management strategies of community entrepreneurs. The data were collected from the community entrepreneurs who ran herbal product enterprises in Songkhla province. The products of all these enterprises were selected as five-star certification for the OTOP project in 2012. In-depth interviews were conducted, and content analysis was used to analyze the data. The results showed that all entrepreneurs formulated human resource plan in line with the production plan by focusing on temporary employment because this is more flexible than hiring permanent staff. When staffing, all entrepreneurs focus on selecting employees who was cautious at work in order to reduce any costs that could be resulted from operating errors. Most of the staffing is done in a simple and uncomplicated manner. For training and development, most of entrepreneurs focused on training employees to obtain skill-needed in their work to decrease their work mistakes. In-house training or sending staff to attend training courses with external agencies were implemented. For working assessment, since the employees were dairy staff, most entrepreneurs evaluated the performance appraisals while the employees did their jobs. The purpose was to suggest ways of operations and improve better work quality. For remuneration, most entrepreneurs paid their employees daily. In terms of welfare payments, employers only received minor assistances in terms of employee healthcare. For maintaining relationships with employees, most entrepreneurs treated their employees as if they were family members and closely treat them.

**Keywords:** Community Business, Human Resource Management Strategy, Strategy, Human Resource Management

## บทคัดย่อ

การวิจัยนี้มีวัตถุประสงค์เพื่อพรรณนากลยุทธ์การจัดการทรัพยากรมนุษย์ที่ประสบความสำเร็จของผู้ประกอบการธุรกิจชุมชน โดยเก็บข้อมูลจากผู้ประกอบการธุรกิจชุมชนประเภทสมุนไพรในจังหวัดสงขลา ที่สินค้าได้รับการคัดสรรเป็นสุดยอดหนึ่งตำบลหนึ่งผลิตภัณฑ์ระดับ 5 ดาว ระดับประเทศ ปี 2555 ด้วยการสัมภาษณ์แบบเจาะลึก การวิเคราะห์ข้อมูลใช้การวิเคราะห์เนื้อหา ผลการวิจัยพบว่า ผู้ประกอบการทุกรายวางแผนทรัพยากรมนุษย์ให้สอดคล้องกับแผนการผลิต โดยเน้นการจ้างคนในท้องถิ่นในลักษณะพนักงานชั่วคราว เพราะมีความยืดหยุ่นมากกว่าการจ้างพนักงานประจำ ด้านการจัดคนเข้าทำงานผู้ประกอบการทุกรายเน้นคัดเลือกพนักงานที่มีความละเอียดรอบคอบในการทำงาน เพื่อต้องการลดต้นทุนที่อาจเกิดจากความผิดพลาดในการปฏิบัติงาน ส่วนใหญ่การจัดคนเข้าทำงานจะกระทำอย่างง่าย ๆ ไม่ซับซ้อน ด้านการฝึกอบรมและพัฒนา ผู้ประกอบการส่วนใหญ่เน้นการฝึกอบรมให้พนักงานเกิดทักษะในการปฏิบัติงาน เพื่อลดความผิดพลาดในการทำงาน โดยมีทั้งการจัดฝึกอบรมภายใน และการส่งพนักงานไปเข้ารับการฝึกอบรมกับหน่วยงานภายนอก ด้านการ

ประเมินผลการปฏิบัติงาน เนื่องจากส่วนใหญ่พนักงานที่ปฏิบัติงานเป็นพนักงานรายวัน ผู้ประกอบการส่วนใหญ่จึงประเมินผลการปฏิบัติงานขณะที่พนักงานปฏิบัติงานอยู่โดยมีวัตถุประสงค์เพื่อแนะนำวิธีการปฏิบัติงานและปรับปรุงการทำงานของพนักงานให้ดียิ่งขึ้น ด้านการจ่ายค่าตอบแทนผู้ประกอบการส่วนใหญ่จ่ายค่าตอบแทนให้แก่พนักงานเป็นรายวันสวัสดิการที่ผู้ประกอบการให้แก่พนักงานมีเพียงเล็กน้อยเท่านั้น คือ การให้ความช่วยเหลือในยามเจ็บป่วย ด้านการรักษาความสัมพันธ์กับพนักงานผู้ประกอบการส่วนใหญ่ปฏิบัติต่อพนักงานเสมือนคนในครอบครัวและดูแลอย่างใกล้ชิด

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## 1. Introduction

Human resource management was an important process because it allows organizations to develop, to encourage mediation and coordination between various departments, and to recruit qualified personnel. It also improved the morale of operational staff, and encouraged them to be loyal to their organization. If the human resource management process was efficient, it did not cause conflicts between organizations and practitioners. Society as a whole would have a good understanding of its members (Wongsarasri, 2002).

The One Tambon One Product (OTOP) project was set up by the Thai government to promote local economies by generating revenue and encouraging strong, self-reliant communities (Community Development Department, 2013). OTOP is both a philosophy and a way of life for local communities, and it results in better employment and income distribution for these communities, as well as helping to improve the education and quality of life for local people. OTOP products also help stimulate the larger economy, which is especially important in the current economic conditions. The government also encouraged the development of high quality OTOP products that meet international standards, so these products can be competitive on the world stage and contribute to sustainable growth (Lungtae & Noknoi, 2012). It was estimated that in 2014, the export value of OTOP products was more than 40,000 million baht. This reflected the great potential that OTOP had for developing products that could be recognized from the local to global markets (Banmuang, 2013).

This, therefore, involved increasing the quality and standards of OTOP products to realize government policy. The researchers studied the human resource management strategies of OTOP enterprises—specifically in the areas of human resource planning, staffing, training and development, performance appraisal, compensation, and maintaining relationships—as a guideline to

achieve an enterprise's goals. As a result, the OTOP products from the operators were selected as five-star certificate of OTOP products. This research studied the enterprises of OTOP herbal products, because such products could be classified as two of the four basic necessities of life, namely food and medicine. Moreover, the global demand for herbal products has been currently high and likely to increase further, especially for cosmetics and herbal supplements. Data showed that the domestic and export markets for Thailand's herbal cosmetics was worth up to 180,000 million baht, while the market for herbal food supplements was worth 80,000 million baht. Herbal spa products accounted for about 10,000 million baht, and traditional herbal medicines account for about 10,000 million baht. Furthermore, Thailand also produced herbal extracts and used herbs in animal feed and pest control. Totally, Thailand's herbal products had the potential to generate very substantial revenue for the country (Naewna, 2013). It was decided to study entrepreneurs in Songkhla province because of the problems in the development of the knowledge and skills of personnel (Promsakhana Sakonnakhon & Sangkharat, 2013). This study's results would act as guidelines for entrepreneurs to implement strategic human resource management for OTOP enterprises and had the potential to increase competition. It would also be useful for agencies involved in helping entrepreneurs to conduct their business more effectively.

## 2. Research Objectives

2.1 To describe the human resource management strategies of community business entrepreneurs, specifically human resource planning, staffing, training and development, performance appraisal, compensation, and maintaining relationships.

2.2 To develop human resource management strategies for OTOP product entrepreneurs.

### 3. Research Methodology

#### 3.1 Data and Sources

The primary data were obtained from in-depth interview with the entrepreneurs of OTOP herbal-product enterprises in Songkhla province, of which all had been nationally selected as five-star certificate OTOP products in 2013. There are five such enterprises (Community Development Department, 2013):

- 1) Thep Thai Products
- 2) Leelawadee Bamboo Charcoal Soap
- 3) Apolo Companies Limited
- 4) Siam Sainsbury Songkhla
- 5) Anita Dispensary Stores

This aimed to learn the human resource management strategies of community businesses entrepreneurs—specifically human resource planning, staffing, training and development, performance appraisal, compensation, and maintaining relationships—whose products had been selected as five-star certificate OTOP products.

The secondary data were obtained from the studies of agencies associated with OTOP products.

#### 3.2 Research Instruments

The tools used in this research consisted of:

- 1) Structured interviews with question schemes and open-ended questions. These were divided into two parts:

Part 1: General information of the businesses and entrepreneurs.

Part 2: Human resource management strategies, specifically human resource planning, staffing, training and development, performance appraisal, compensation, and maintaining relationships

- 2) A notebook, voice recorder, and camera.

#### 3.3 Data Collection

The researchers collected data from all five enterprises of five-star OTOP herbal products in Songkhla province during February 2014.

#### 3.4 Data Analysis

The information obtained from the interviews provided qualitative data that was analyzed through content analysis and used to justify the concept, checked the accuracy of the information, and identified how the information could be better collected to improve the accuracy of the research. It was then separated into categories based on the content and presented through analytical briefing.

### 4. Results and Discussion

#### 4.1 Overview of Operators

Data collected from the five-star herbal-product enterprises in Songkhla province included data from all five businesses:

- 1) Thep Thai Products
- 2) Leelawadee Bamboo Charcoal Soap
- 3) Apolo Companies Limited
- 4) Siam Sainsbury Songkhla
- 5) Anita Dispensary Stores

#### 4.2 Human Resource Planning

The study found that herbal community business entrepreneurs in Songkhla province, all of which had products that had been nationally in 2012 selected as a five-star certificate OTOP products, all conducted the human resources plan in accordance with their production plan. As a result, their operations went smoothly. Consistent with the findings of Phothajareun (2011), there was an emphasis on hiring temporary employees because their manufacturing processes were discrete. Products were manufactured to order or kept as stock. They employed local people as temporary employees because it was more flexible than hiring permanent staff. Kejornnan (2002) stated that human resource planning was necessary to accommodate changes, so the organization could operate effectively and efficiently by determining the number of required features, specifications and capabilities of personnel (Wongsarasri, 2002).

#### 4.3 Staffing

The study found that all entrepreneurs producing five-star herbal OTOP products in Songkhla province focused on careful selecting employees for the workplace in order to reduce costs resulting from workplace errors. Because the companies had limited funds, their staffing procedures were simple and uncomplicated, and this agreed with the study of Noknoi & Lungtae (2013). Only one company had a staffing system that agreed with the findings of Thongkhao (2002), which stated that there should be defined recruitment and selection methods. Kejornnan (2002) stated that staffing was a very important function, because if people could not work effectively, or if there was no effective screening, no clear standards could be set for personnel selection. As a result, organizations would not be operated at maximum efficiency. This agreed with the findings of Karawai (2005) and Phothajareun (2011). Wongsarasri (2002) stated that staffing must have systems and procedures. An important goal was to recruit people who could meet the demand of the organization. The results of the study of Phunym (2002) found that most entrepreneurs faced staffing problems, especially with regard to the dominance of patronage systems (Wongthakan, 2007).

#### 4.4 Training and Development

The study found that most of the entrepreneurs producing five-star herbal OTOP products in Songkhla province provided training and development for their employees, with the emphasis on training employees to be skilled in the enterprise's operation and reduced workplace errors. These training methods included both training groups and sending staff to train with external agencies, such as at government agencies, private sector organizations, or other successful enterprises. As a result, the knowledge and ability of the employees increased, and the enterprise was ready to compete in a changing business. This agreed with the findings of Thongkhao (2002), Phunyim (2002), Phothajareun (2011) and Noknoi, Boripunt & Lungtae (2012). Dessler (2003) stated that even employees who were willing to work hard could not work effectively if they did not know how to work well. Only one enterprise had no training and development for its employees. Komondit (2003) recommended that personnel should be encouraged to train and develop to make their progress more equal. Kejornnan (2002) stated that training improves performance by enhancing the knowledge and skills needed to perform the job. Training personnel also stimulated their interest in the work, improves morale, and created ties to the organization. It also always helped to improve and develop the quality of work. Phisanbut & Ketsakhorn (2006) stated that when organizations systematically train their employees, they benefited from the training. Increasing productivity (Productivity) resulted in lower production costs and therefore more profitable products, and using skilled personnel who were motivated to work results in less workplace accidents and better quality products and services. This then led to more customers and better business growth, which agreed with the findings of Karawai (2005).

#### 4.5 Performance Appraisal

The study found that most of the entrepreneurs producing five-star herbal OTOP products in Songkhla province evaluated the performance of their employees while they were working. The aim was to recommend ways to improve operations and improve better work quality. This agreed with the findings of Phothajareun (2011), who found that the operator had to track the performance of its personnel regularly. Wongsarasri (2002) stated that evaluation of employees was one way to motivate them to stay alert and perform their duties consistently, while Meesuttha & Satchukorn (2008) stated that performance evaluation was important for supervisors. It would be valuable to an

organization to find ways to promote, maintain and improve the performance of their employees. The results of the study of Tumjaitong (2005) found that performance should be assessed so that each party has a 360-degree evaluation of each other, while the results of the study of Noknoi & Lungtae (2013) found that the president, or another assigned person, was the performance evaluator.

#### 4.6 Compensation

The study found that most of sampled entrepreneurs in Songkhla province paid compensation to their employees daily, and this agreed with the findings of Kaeobunreung (2003) and Noknoi & Lungtae (2013). The reason for this was that they were employed on a daily rather than a long-term basis. In terms of welfare, the enterprises provided employees with only minimal assistance in times of illness, while some groups did not consider the welfare of their workers. Kejornnan (2002) stated that effective control of remuneration could be used to determine the cost of the organization that allowed it to operate cost effectively. Meanwhile, Wongsarasri (2002) stated that the payment of reasonable compensation provided an incentive for workers to work effectively for the organization. This agreed with the findings of Komondit (2003) and Phothajareun (2011), who stated that compensation should be set accordingly and fairly. There were no hard and fast rules that suit every system when paying compensation. Whether pay was set based on the job or focused on skill or competency, the nature and circumstances of each organization was critical to the equation (Noknoi, 2011). However, Hansen (2007) stated that organizations should offer more compensation options, such as increasing employee contributions when they had children, requiring employees to have a day off for family reasons, offering special interest rates for emergency loans, helping children of workers when in need, and so on.

#### 4.7 Maintaining Relationships

The study found that the considered herbal-product OTOP entrepreneurs in Songkhla province had a way to maintain their relationships with their employees by treating them like family members and closely supervising them in both their work and personal lives. When trying to create a sense of obligation in employees, there was only one enterprise not focused on maintaining relationships with employees. The study of Thongkhao (2002) found that enterprises should include activities to strengthen unity and morale in the organization, and this was backed up by the study of Wongthakan (2007), which found that employee relationship activities should be participatory and use appropriate

communication channels. This agreed with the findings of Phothajareun (2011), who found that most entrepreneurs take a close interest in personal problems, not just problems with others in the organization but also with family issues, as well as communicating effectively with staff regularly. Kejornnan (2002) stated that it was essential for administrators to ensure that every member of the organization had the appropriate quality of work life, so the organization worked at its greatest capacity (Wongsarasri, 2002). Meanwhile, Glanz (2002) proposed a method to treat people within the organization. An organization must adhere to four main rules: 1) communicate creatively; 2) create a work environment with appreciated employees; 3) respect employees and show them why they should stay with the organization; and 4) show employees sympathy.

## **5. Recommendations**

5.1 Entrepreneurs should focus on strategic human resource planning and talent acquisition in order to have a highly capable workforce, because this affects a company's ability to compete effectively.

5.2 The operator should have a system for recruitment. It should recruit personnel who are competent and suitable to the position. This will

reduce costs for both the potential training and opportunity cost.

5.3 Enterprises should use competency-based training. This will help increase the efficiency and effectiveness of employees, which in turn help the successful operation of the business.

5.4 Entrepreneurs should evaluate performance and link it with pay. As a result, employees will have an incentive and responsibility to work better.

5.5 The operator should provide welfare aspects to employees in addition to their wages. This will also attract talented individuals to join the company's directors, as well as helping retain employees with outstanding performance records, rather than being drawn to work for other organizations.

5.6 Entrepreneurs should pay attention to maintaining relationships with their employees by organizing activities outside of work. This helps the employees to maintain a healthy body and mind, and it will also help create a positive image of the company for outsiders.

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