



## A Development Model for Implementation of One-to-Three Star OTOP Entrepreneurs in Ubon Ratchathani Province

Somsak Gridad<sup>a\*</sup>, Mali Chaisana<sup>b</sup> and Chutamas Chompha<sup>b</sup>

<sup>a</sup>Program in Regional Development Strategies, Faculty of Humanities and Social Sciences

Ubon Ratchathani Rajabhat University, No. 2 Ratchathani Road, Nai Muang, Muang, Ubon Ratchathani 34000, Thailand

<sup>b</sup>Faculty of Humanities and Social Sciences, Ubon Ratchathani Rajabhat University

No. 2 Ratchathani Road, Nai Muang, Muang, Ubon Ratchathani 34000, Thailand

\*Corresponding author. E-Mail address: Somsak.gG59@ubru.ac.th

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### Abstract

The objectives of the research were: 1) to study the states of implementation of one-to-three star OTOP entrepreneurs in Ubon Ratchathani province; 2) to develop the development model for the operation of one-to-three OTOP entrepreneurs; and 3) to evaluate the development model in question. The target groups were one-to-three OTOP entrepreneurs and others concerned totaling about 102 persons. The research instruments were a questionnaire and an interview. Statistics used in data analysis were percentage, means, standard deviation and content analysis. It was found that the operators of one-to-three OTOP in Ubon Ratchathani province had worked under the support and promotion of the state agencies. The operation has been undertaken according to the potential of the group administrative committee. The budget as allocated by the state was insufficient for the group's continuous development. As individual locales had different folk wisdom, raw materials, contexts, social settings and physical conditions, different OTOP products were produced. However, the products were widely imitated, and there was no creative innovation. As a result, products lacked new and distinctive features. Also, they were not effective and had no standard. The consequent problems were, thus, related to marketing administration and the main important problem is the elderly group committee is directly related to the problem of product innovation to be unique.

**Keywords:** Development Model, Implementation, OTOP Entrepreneurs, One-to-Three OTOP

### Introduction

The Future Thailand in 2035 Seminar has revealed that Thailand's economic growth includes four forms and differs in the growth rate depending on the development strategies. The seminar was held by Thailand Development Research Institute (TDRI) and The Thailand Research Fund (TRF). The analysis focus of the seminar was to be successful in country enhancement through Thailand 4.0 policy which can enhance the productive technology and innovation development in the next 20 years. The Gross Domestic Product (GDP) will approximately grow for 3.73–3.85% per year when Thailand applies the economic development policy that focuses on agriculture and service similarly to France's economic development policy. The overall GDP will approximately grow for 2.87%. The GDP of agriculture sector will enlarge for 6.36%; when industrial sector and service sector will enlarge for 2.56% and 2.28%, respectively (Thailand Development Research Institute (TDRI), 2017).

Throwing back to 20 years ago, it has been found that Thailand has faced the huge economic crisis called "Economic Bubble". As a result, the government, led by Dr. Thaksin Shinawatra, applied the OVOP development concept to move the country economic system forward. Starting in 2001, the government integrated governmental organizations that are related to community and products; initiated the public relations policy for a project called One Tambon One Product (OTOP). The project aimed to create career, income and community strength. There were local developments, local wisdom enhancement, human resource development, and local creativity



enhancement to improve the products collocated to local lifestyle and culture, under the Local to Global, Self-Reliance, and Human Resource Development.

The operation of OTOP Project of Thailand, the government has set up a committee group named The One Tambon One Product Committee (OTOPC). The Committee had the right to identify the strategies and model scheme which include the standard and criteria for selecting and registering the sub-district's excellent product, as well as supporting the policy to improve the productivity. There were also Administrative Subcommittee, Productive Support Subcommittee, Marketing Support Committee, Product Standard and Quality Development Committee. Those groups of committees had the right to support each operation according to the main policy in order to respond the people's demands. The OTOPC has indicated the local products into five types as following:

- 1) Food
- 2) Drink
- 3) Clothe
- 4) Decoration and Souvenir
- 5) Non-Food Herb

Meanwhile, there were The Provincial One Tambon One Product Committee (POTOPC), District One Tambon One Product (DOTOPC) and Knowledge-based OTOP Committee (KBOC). Those committees identify the product development together with higher educational institutions who transfer knowledge and work together. The objectives of this collaboration were to standardize and increase the prize and to process products to be more competitive.

In order to support marketing opportunities and to make the products qualified and standard verified, therefore the OTOPC has indicated the OTOP Product Champion: OPC selection criteria. The committee identified the ways and criteria in selecting OTOP products every two years in order for the community to utilize the local resources in developing the products. The government supported the up-to-date knowledge and fund access and develop the administrative and marketing capability in order to connect the products into both inbound and outbound countries. There was also an encouragement of each career to be able to improve the products by calling for the local products to the selection. There was also product quality ranking by using from one to five stars. This ranking will lead to the product improvement and encouragement planning appropriately.

Community Development Department, assigned by Ministry of Interior to look after the OTOP project in the previous years, has highlighted the marketing hub opening in order to bring OTOP products into the international market; for example, OTOP products have joined and been sold for CLMV countries, China. The aim of this attendance was to develop the economic international collaboration in investment and culture. This was to increase the community income and create sustainable happiness for the people of the country, matching with Thailand's 20-Year National Strategy (B.E. 2561-2580).

Under "The Collaboration of Civil State for Thailand as the World Kitchen", it is necessary to develop the competitive capability, increase the value and product quality, and increase the marketing value. There has been a survey and study about the problems of each operations; and it was found that OTOP has faced several problems such as production. Since it was a new thing that Thai communities had to learn about the problems in each operation e.g. administration, circulating fund as the investment, production, and marketing problems, the weak point about the product quality was mostly found because it has not been improved to respond the market's demand (Office of Educational Standards, Office of Rajabhat Institutes Council, Ministry of Education, 2002, p. 25).



There was a flood of products resulting in the inability to find the place to sell. There was a duplication of products which resulted from the copying instead of learning the real innovation. This could cause some group went out of the business while a few was successful. There were a few standardized products which could not maintain the quality. The packaging was not internationalized enough. The group administration problems found included un-systemized administration, lack of good and consistent planning, and lack of group operation. The networking problems were about communication and product quality control. The entrepreneur's problem was about the lack of supporting fund to enlarge the business. The price problem was about the lack of understanding about productive investment for the worthiness. The marketing hubs for selling problem was found that the entrepreneur wanted to add more marketing hubs to sell their products online. The problem of marketing encouragement was found that there was a demand of social media knowledge encouragement in order to access and enlarge the target group. The overall result was found that the main problem of the entrepreneur was the marketing encouragement, followed by selling hubs, and pricing.

Meanwhile, an academic work has criticized this project. It can be summarized that the important covariates causing the entrepreneurship growth include approaching operations and competitor analysis. The covariates for business character growth are approaching business, marketing strategies, and organization innovation. There are successful and unsuccessful groups of OTOP Projects. The unsuccessful ones are the result of unqualified products even though they have been trained about business administration and product development. The examples of the training are such as making labels and increasing price by registering FDA (Food and Drug Administration) number, supporting collaborations between government and private sectors, production control in order to get the FDA number, and production encouragement through technologies from prepared educational institutions (Okonoki, 2012, p. 1). Categorizing consumer goods via creative economic concepts on the difficulty in duplication is found directly resulting in the marketing success (Jonpradit, 2014). Most of the OTOP producers and entrepreneurs are potential in seeking for production resources and standard control, creative, able to solve the problems systematically and accurately, and able to improve products, in order to increase the price and to produce adequate amount of the product (Leelasuwat, Boonchuai, & Teianchan, 2015).

Thailand through the current vision of Gen. Prayut Chan-O-Cha, Prime Minister, has been focused to be "a nation of stability, prosperity, and sustainability" by creating "internal strength" based on "the economic philosophy" through "the civil state" strategies. The identification of the new economic model will resolve the problem of "Middle Income Trap Nation". Thailand's history in the previous 50 years has been found that the economic growth in first half (B.E. 2500–2536) had been continually grown with the GDP at 7–8% per year, later (B.E. 2537–2560), the economic growth has been increased only 3–4% per year. Therefore, Thailand has got only two choices. If the nation can reform the economic structure successfully, it will be "the Higher-Income Nation". On the other hand, if it cannot pass the trap, Thailand will be stuck in the state of "Thailand Lost Decades" for a long time. Looking backward, Thailand itself has been adapted its economic model for several times. Starting with Thailand 1.0 focusing on agriculture, followed by Thailand 2.0 which focusing on light industry, and Thailand 3.0 focusing on heavy industry which resulted in the nation to get stuck in the middle-income trap nation, sustainability disruption trap, and unbalanced development trap. Those traps are the challenges for the government, government officers, and people to reform the economic structure in order to move Thailand 3.0 towards Thailand 4.0. It is needed to reform the economic structure into the value-based economy. Thailand still focuses on the structure of "do more, gain less", so it should change to "do less, gain more". It can be



concluded that there should be changes in at least three dimensions: 1) from “Consumer Goods” to “Innovative Goods”; and 2) from industry-based to technology, creativity and innovation-based development (Maesincee, 2016). Nation’s development towards Thailand 4.0, from a local economy nation, is to strengthen from the inside with local wisdom and limited natural resources for a great benefit, to improve the local innovation, to create local production, to strengthen the community and connections, to create a community of entrepreneurship spirit. The aims of the development are to increase the value, create careers and income, and enlarge the local economic standard to the national economic standard, regional economic standard, and the world economic standard, respectively.

It can be concluded that when the national is developed through the inside in order to improve life quality, being friendly with the environment, it is a good opportunity to create 1-3-Star OTOP Entrepreneur Development Model in Ubonrachathani in accordance with the government policy. The model especially emphasizes the reduction of social disruption and the possible development to become modern and fast. It is currently the accordance and response of the OTOP entrepreneur development demand for those who still lack opportunity, business knowledge, experience, budget, and development platform. Accordingly, those entrepreneurs can improve themselves to become the 4-5-star standard product business. However, if the entrepreneurs are satisfied with the 1-3-star stage, but high and consistent circulation, it can rather reduce the disruption. It can be said that creating an opportunity and increasing local GPP can cause the overall national GDP, which is the complete response to the government policy. Moreover, this study can be beneficial to the local people who are the significant majority of the nation.

In Ubonrachathani, there are OTOP 1,876 groups of entrepreneurs with 3,121 products that have registered with the Community Development Department’s system in 2015. Some of those have been selected to be the excellent OTOP products in 2016 according to the Community Development Department’s ranking, as listed below.

**Table 1** OTOP Registration in 2015 and the Result of Excellent 2016 OTOP Products Ranking in Ubonrachathani

Level of Star	Number of Entrepreneurs	Number of Products	Number of Selected Products
1	518	596	49
2	345	379	143
3	540	586	176
4	144	212	188
5	29	71	50
<b>Total</b>	<b>1,576</b>	<b>1,844</b>	<b>606</b>

**Resource:** Ubonrachathani Community Development Department, 2018

According to Table 1, it can be explained that there are 518 groups of OTOP entrepreneurs rated 1 star, 345 rated 2 stars, and 540 rated 3 stars, 1,430 groups in total. 144 groups are rated 4 stars and 25 groups rated 5 stars, 173 groups in total. Most of 1-3-star entrepreneurs are those in need of production standard development for the stability and sustainability marketing.

According to the above information, the researcher is interested in examining the operation development of the 1-3-star OTOP entrepreneurs in Ubonrachathani. The results of this study can be applied into the development in order to respond the national strategies, Strategy of the Ministry of Interior, Strategy of Community Development Department, regional strategy, and provincial strategy.



## Objective

To examine the operation of the 1-3-star OTOP entrepreneurs in Ubonrachathani

## Methodology

The research methodologies of the study of the operation of the 1-3-star OTOP entrepreneurs in Ubonrachathani are as follows.

The target groups of this study were 45 The Best Practice of 1-3-star OTOP entrepreneurs, chosen by purposive sampling; 45 1-3-star OTOP entrepreneurs who registered in 2015 and the new ones, chosen by purposive sampling; 90 in total. In addition, the target groups also included those related to OTOP entrepreneurship development, such as one head of Ubonrachathani Community Development Department, one officer who was in charge with District OTOP Projects in Ubonrachathani, one Knowledge-based OTOP Committee, and chair of OTOP Network Ubonrachathani, chosen by purposive sampling, 12 in total. The tool of the study was a set of rating ration scale. Data collected from the target groups' responses in the survey. The data analysis applies statistics, percentage, mean, standard deviation, and rating comparison.

## Results

The results of the study are explained below:

According to the study of the operation of the 1-3-star OTOP entrepreneurs in Ubonrachathani, it was found that the overall operative status was in a fair level, and the mean value was 2.75. The study analyzed four aspects, including the administration of the group committee, products administration, pricing and marketing administration, and public relations encouragement. The result was that products administration was in the lowest level; that is, the mean value was 2.67. The public relations encouragement was in the highest level, 2.82; followed by the administration of the group committee, 2.80; and the pricing and marketing administration, 2.78, respectively.

## Conclusion

The researcher discussed the results of the study as follows:

The overall operative state of the 1-3-star OTOP entrepreneurs in Ubonrachathani was found in a fair level. This is because the groups of the entrepreneurs were experienced in showing and selling OTOP products in exhibitions. Customers often told the others about the products as one of direct public relations methods. Therefore, customers could access those 1-3-star products in Ubonrachathani. However, the products had not been developed with innovations. In this case, it is still in need of creative knowledge, up-to-date innovation, and new productions to avoid duplications of products. The operations of the committee of 1-3-star OTOP entrepreneurs in Ubonrachathani described in this study in accordance with the study of Maesincee (2016) suggesting that the entrepreneur should adapt themselves and develop the products according to the dynamic situations in the 4.0 era.



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