

A Social Cooperative in Thailand Pattern of Social Enterprise

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Abstract

This paper contributes to the literature by carrying out the first empirical investigation into the role of different types of enterprises in the creation of social cooperative in Thailand towards Social Innovation. The article describes how the social cooperative has become instrumental in the expansion of the social economy in Thailand. It reports the contribution these associations have made to broadening the concept and parameters of volunteer organizations, providing basic social welfare services and integrating many disadvantaged people into the active society. By virtue of their ability to activate wider social projects, this type of social enterprise could be of interest and relevance to other countries.

The paper addresses the problem of the relationship between competitiveness and CSR, and analyses the reasons why the opportunistic use of CSR is counter-productive by Indepth – Interview. It attempts to establish how ethical behavior can survive in highly competitive markets, and tries to find the new meaning of competitiveness in the light of CSR. The final section of the paper describes how a number of progressive, socially responsible firms have prospered in competitive environments by forming commitments among owners, managers and employees and by establishing trust relationships with customers and sub-contractors.

Keywords : Social cooperative, Accumulation, Social innovation.

Introduction

The Cooperative in Thailand are established in 1917: 100 years for present time has been Capitalist accumulation does not only require an ideology that justifies private property and private control over surplus value; it also requires an ideology that rationalizes a measure of control over the working class. Any ideology consistent with capitalist relations has to view labour power as a commodity, wholly alienable from the individual labourer. As early individualist saw it, labour power began as alienable property held by the individual labourer, which if sold became the individual property of whoever purchased it (Locke, 1980: 19-20). Control of labour power and its entire product was considered the exclusive domain of the individual owner-entrepreneur. This remained the case with 19th – century individualism that had to contend with the emergence of union military. In response to their individual weakness, labourers formed trade unions, which the view to regaining some control over their collective labour power and its product. For liberal individualists this “collectivism”-proceeding from elected bodies or trade unions-represented a threat to the rights and properties of free individuals. In the mid-20th century this view was expressed most forcefully by F.A.Hayek (1978: 68), who insisted that interference with the competitive market system, which was otherwise impersonal, was an affront to individual liberty. The ability of the individual to succeed or fail was considered a measure of his/her freedom. Since the free market system was impersonal, it could not be described as unjust; in a free and equal game of skill and chance there had to be winners and losers.

The Historical Movement of Cooperatives in Thailand

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Cooperatives in Thailand, like in all developing countries, have been initiated by the government since 1915 with the prime aim of being a means of improving the livelihood of small farmers. This is due to the increasing debt problem resulting from farmers suffering from the shift from self-sufficient economy to trade economy. Natural disasters such as droughts and floods have further worsened the debt situation for the farmers. Consequently, they have lost their farmland and become laborers, leaving their debts unpaid.

The first cooperative in Thailand was named Wat Chan Cooperative Unlimited Liability and was established by the government on February 26, 1916, in Phisanulok province. It followed the Raiffeisen credit cooperative type with the single purpose of providing farm credit and being organized as a small village credit cooperative to help severely indebted farmers. The success of this type of cooperative in preventing many farmers' land from being foreclosed by the money-lenders led to the increasing number of small village credit cooperatives all over the country. Small credit cooperatives had prevailed in the country until 1983 when other types of cooperative were then established in response to the people's needs (producer to market).

The increasing number of cooperatives also led to establishment of the "Cooperative Bank" in 1974 through government capital. Village credit cooperatives were urged to increasingly hold share capital in the Bank with the hope that they would, in future, be owners of the Bank which was their own financing center. In 1952 and 1953, two provincial cooperative banks were established in the Chiang Mai and Uttaradit provinces. The two provincial cooperative banks served their affiliates so well, both in their credit needs and depositing surplus funds

Unfortunately, the enactment of a new "Commercial Banks Law" in 1962 laid down that the acceptance of deposits on "current accounts" could only be operated by commercial banks which must be organized in the form of a "limited company" The two existing provincial cooperative banks had, therefore, to be reorganized as credit cooperative federations and a program to set up new cooperative banks was dropped. In 1966, the government-cum-credit cooperative-owned Bank for Cooperatives was reorganized as the "Bank for Agriculture and Agricultural Cooperative", a state enterprise, functioning as a financial center of agricultural cooperatives including lending directly to individual farmers.

In 1968 with the objective to strengthen the cooperative movement, the Government enacted the Cooperative Act, B.E.2511, which allowed the establishment of the Cooperative League of Thailand, functioning as the apex organization of the cooperative movement. The Cooperative Act also allowed for the amalgamation program which combined the neighboring small village credit cooperative, land improvement and land settlement cooperatives into a large scale cooperative at district level performing multipurpose functions and which were officially categorized as agricultural cooperatives

In 1999, the New Cooperative Act as "Cooperative Act, B.E.2542" was issued and has been enacted since then. At present, the cooperatives in Thailand are officially categorized into seven types, namely:

1. Agricultural Cooperative
2. Land Settlement Cooperative
3. Fisheries Cooperative

4. Consumer Cooperative
5. Thrift and Credit Cooperative
6. Service Cooperative
7. Credit Union Cooperative

The Accumulation continues as the owner-entrepreneur, free competition and free transfer of price signals all declines in the face of continued centralization and concentration. Only those that have abandoned liberal individualism altogether can develop any kind of consistency between theory, principle and practice. New principles are required ideological justification for the processes of capital accumulation in the present time.

The paper addresses the problem of the relationship between competitiveness and CSR, and analyses the reasons why the opportunistic use of CSR is counter-productive. It attempts to establish how ethical behavior can survive in highly competitive markets, and tries to find the new meaning of competitiveness in the light of CSR. The final section of the paper describes how a number of progressive, socially responsible firms have prospered in competitive environments by forming commitments among owners, managers and employees and by establishing trust relationships with customers and sub-contractors.

The Concept Approach is Theory of Finance and Growth from Joseph A. Schumpeter (1911) emphasized his “heresy” that money and credit matter because they were crucial to the process of creative destruction as resources are bid away from the old sectors and channeled to new sectors with new technologies.

Objective

1. To study the role of cooperative in Thailand towards Social Innovation.
2. To study management, Social Cooperative Enterprise.

Literature Review

1. The Status of Cooperative in Thailand (2011)²

Types of Cooperative	Status of Cooperative			
	New Establishment	Regular Performance	Cancellation	Total
Agricultural	188	3,589	584	4,361
Fishery	11	72	18	101
Land Settlement	0	92	4	96
Thrift and Credit	62	1,311	79	1,452
Consumer	6	192	77	275
Service	219	781	111	1,111
Credit Union	40	400	1	441
Total	526	6,437	874	7,837

2. The Accumulation

² The Status of Cooperative in Thailand (2011). http://jccu.coop/eng/public/pdf/asia_2012_2012.pdf

Elinor Ostrom, on collective assets and why they are not degrading (e.g. in traditional societies) even if the concept of “economic man” would predict that. What economic theory models as a “prisoner’s dilemma” – i.e. individual and collective rationality contradicting each other in certain situations – is a living experience for every human actor. The fear of getting the sucker’s payoff (cooperation by the participant and defection by the other players) may inhibit rational actors from contributing to a public good (Bougherara et al. 2009; Frhr and Gachter 2000). If this is an obvious fact, we may continue to ask with Elinor Ostrom: Why are some communities working together and other are not? Answers to this simple question are of crucial importance for local and regional development, for sustainable economic success of a company or national economy and ultimately probably even for the (ecological) survival of mankind. The answers to this question can be analyzed at three different levels:

1. The question poses itself on a face-to-face level. For example, one of Elinor Ostrom’s research objects were beneficiaries of irrigation projects in developing countries (Ostrom 1990,1992). In order to produce sustainable effects, the irrigation channel needs to be sustained by maintenance work, which has to be carried out by the adjoining tenants themselves. However, if the water comes for free and the maintenance work is annoying and arduous: Why do some tenants voluntarily contribute and fight against the draining of the channel and others are not?

2.The question, however, also poses itself on an inter-organizational level. When the garment factory “Ali Enterprise” burned down on September 17th,2012 in Hub River Road, Sindh Industrial Trading Estate (SITE) in Karachi, Pakistan, more than 289 workers died: they had been trapped and were unable to escape from the laticed windows of their production site. The local population, media and NGOs but also powerful consumer organizations in developed countries held western clients of “Ali Enterprise” like the German brand KIK responsible for this tragedy (IndustriAll Global 2012). In the international supply chain of large textile brands, there are no effective mechanisms in place to prevent suppliers (first, second, third tier) from ugly exploitation, exposing their employees to lethal risks by saving on elementary safety devices. In order to safeguard their brands, clients have an interest in creating organizational mechanisms to prevent those disasters from happening. Why are some more successful than others?

3. The question ultimately also poses itself on an international level. In global conferences taking place at Copenhagen, Rio and elsewhere in the World, politicians and representatives of international organizations like the United Nations Environmental Program struggle to achieve common environmental goals like effective reduction of CO2 emissions in order to overcome global warming. However, achieving these goals always comes at a cost – which politicians have to bear nationally: additional investments in resource saving production may slow down growth, increase in taxes and fees for consumers hamper the international price competitiveness of companies, threaten jobs and ultimately satisfaction of citizens with their political leaders. Mutual enforcement mechanisms – and sometimes even basic observability – of compliant behavior are absent in many cases. Why did coordinated efforts sometimes succeed – like ozone killer prevention in the early 1990’s – and in many others not?

In a national context we are relying on legal rules and institutional enforcement mechanisms (institutional capital) to assure general cooperation for public goods. However, as the contemporary European debt crisis clearly demonstrates, this already holds true to a rather limited extent in some nations, which prove their inability to effectively coerce powerful group into bearing share.

Moreover, effective control and enforcement mechanism are even more absent on an international level, where only sparse institutional capital exists.

Thus, in a situation where no cooperation exists even if obvious potential gains are looming from it, the crucial role of “social capital” for the provision of public goods and social development (in the widest sense of the word) has become obvious.

Social capital includes “soft” elements like mutual trust (Ostrom and Walker 2003) but also “hard” ones like mutual enforcement mechanisms (i.e. “covenants with a sword, Ostrom et al. 1992”), here: It is their social capital, which allows individual actors to overcome social dilemmas and achieve gains from cooperation.

Summing – up, according to Ostrom and Ahn (2009:20), social capital can be understood “as an attribute of individuals and of their relationship that enhance their ability to solve collective-action problems”. From this point of view, social capital can be considered an asset and a resource for social innovation but this is a risky assumption. In the following, we will analyze in depth the three different levels already mentioned (individual, organizational and global) of social capital and its relation with the social innovation discussion from a systemic point of view (Habisch and Moon 2006).

Social Entrepreneurship Theories

It appears that “..... a consensus over the boundaries of social entrepreneurship remains elusive” (Nicholls, 2006, p.7), but also that a certain clarity has begun to emerge in recent years. Arguably, a good balance between the need to include some concepts and practices from the field and to exclude others has been reached. Some recurring key words also provide clear hints as to what should not be missing when referring to social entrepreneurship: social value, social mission, social wealth, social change, social impact, social innovation, sustainability and a business approach.

The content and approaches of definitions vary; they tend to include multiple dimensions; and they present a number of conflicting “tensions” within the notion itself. The most important of these “tensions” appears to be the following:

1. Is social entrepreneurship an individual or a collective phenomenon? That is, should one focus on individual social entrepreneurs rather than on collective social entrepreneurship initiatives? It appears that social entrepreneurship can be both an individual and a collective phenomenon. The reality, as some concrete examples will demonstrate later on, presents us with a few outstanding individual social entrepreneurs, many lesser-known ones, and many collective initiatives. Those initiatives include a number of social enterprise, which are often collectively owned and managed in the form of a cooperative, and initiatives realized by communities that can be seen as collective entrepreneurial actors (Peredo and McLean, 2006).

2. Is social entrepreneurship shaped by social value rather than economic value? The answer would be that, while economic sustainability is needed in order to pursue the social mission of social entrepreneurship initiative, the creation of social value is the essential feature of the initiatives, for the social entrepreneur’s principle aim is to produce social change. To be more precise, the novelty represented by social enterprise and social entrepreneurship is that the

economic value serves social objectives. In this sense, social entrepreneurship creates “blended value that consists of economic, social and environmental value components” (Emerson, 2003).

3. Is social entrepreneurship located only in the non-profit sector, or can it also be found in the for-profit and public sectors? While many social entrepreneurship initiatives can be found in the non – profit sector, some social entrepreneurship “attitude” also concern other sectors: the for – profit sector (for-profit business reaching outstanding, concrete levels of social responsibility and a high level of creation of social value) and the public sector (central and local authorities engaging in or promoting socially innovative programmes and measures in partnership with the other sectors).

4. Does social entrepreneurship aim to achieve incremental social impacts, or is it meant to produce radical social transformations only? While the debate here is an ongoing one, it seems that if social entrepreneurship is a way to improve the quality of life of individuals and communities through social value creation and innovative paths, it is not essential to establish whether its impact has to be incremental or radical. Radical changes are, of course, desirable and possible, but they are not easy to achieve and cannot happen regularly. Pursuing more limited social impacts and changes can create a virtuous circle of more systematic change while social entrepreneurs start to successfully tackle more major challenges. Social entrepreneurship aims, therefore, at pursuing both radical and incremental social changes.

5. Is social entrepreneurship a local phenomenon or a global one? While many initiatives happen at the local level, their impact and the repercussions that flow from that impact cannot be isolated, as there are ultimately global links. The clearest examples of this would be the increasing amount of venture philanthropy made available in Europe, North American and Japan to support local social entrepreneurship initiatives (Mair and Garley,2010).

The distinction between a commercial entrepreneur – who, in creating jobs and in providing goods and services, obviously also has a social impact – and a social entrepreneur is that social entrepreneurs create their business in order to produce a social impact (or to address a neglected positive externality). Solving social challenges is their articulated goal and the whole business project is built around this objective. For social entrepreneurs the social impact is not a just consequence of their entrepreneurial activity, as it is often for commercial entrepreneurs, but the main goal of it. Social change (Whether radical or limited), not the exploitation of a market opportunity to increase personal wealth, is the explicit goal of social entrepreneurs and their business mission.

Social Innovation Theories

The notion of social innovation has not yet been totally explored. Many definitions exist, but more analysis is needed. Like social entrepreneurship, social innovation has blurred boundaries. Nevertheless, the term has been widely used to refer to different ideas and approaches to address unsolved social problems. As with social entrepreneurship, a balance between inclusive and exclusive definitions has to be found.

Social innovation is needed because many social challenges are resistant to conventional approaches to solving them. Social innovation is about new responses to social needs and challenges. Both the process and the outcome of social innovation are relevant. The changes that

social innovation can produce are of a different intensity: some social innovations are incremental (as they build on what already exists), while others are radical and transform approaches and situations. “Innovations can be disruptive and generative – that is, they can disrupt patterns of production, consumption and distribution and generate further ideas and innovations (like the move to a low-carbon economy or the creation of a preventative system of criminal justice)” (Caulier-Grice and Mulgan, 2009). The scale of these change can be large – fighting global climate change and reducing poverty, or small, such as creating a community garden (Goldenberg et al., 2009, p.iv). Provision of new and effective social services to individuals and groups, or fighting disease, or tackling problems associated with ageing, or youth unemployment or environmental sustainability, are other examples of the different levels at which social innovation can be achieved.

In order to address complex social issues and challenges (NESTA, 2007) transformative action is needed across the various sectors involved (non-profit, for-profit, and government). Indeed, meeting the economic and social challenges of the coming decades will increasingly require fundamental improvements in public services, and social innovation is critical to this process (NESTA, 2008a). “Social innovation can take several forms. These include public sector innovation within public services, to improve performance or to save money, and innovation in the non – profit sector or for profit private sector that improves public services or provides new ones. Social innovation from the third sector (voluntary and community groups and social enterprises) may be “spun-in” to mainstream public service provision” (NESTA, 2008b, p.1).

Social networks based on Information and communication Technologies (ICT) are also gaining importance both as social innovation in themselves and as producers of social change (De Biase, 2009), and should no longer be neglected as channels. The increased use of ICT by social enterprises and by civil society is strengthening the links between technological innovation, and widening the impact that social innovation can have at global level.

Social innovation neither takes a single form, nor is the monopoly of one sector, but can happen in all sectors – including households, which are usually disregarded. Social innovation can be driven by governments (new models of public health), the private sector (open source software) or civil society (fair trade) (Mulgan et al., 2007). It can also start in one sector and be taken up by another, such as the private sector taking on a social innovation produce in the non – profit sector. While in the past emphasis was placed on the non – profit sector as the “homeland of social innovation” the private and the public sector have since adopted the idea of social innovation, and this has obviously resulted in its wider application and new impetus and energy. Still, the non-profit sector plays an important in fostering and implementing social innovation because it does not have a profit-making dimension as its main goal, and can therefore pay attention to long-term social issue. At the same time the non-profit/ social economy sector is increasingly adopting and entrepreneurial approach to further pursue its social objectives (which has been identified as the “new wave of social entrepreneurship”, as underlined by the GEM symposium in September 2009).

It is important to recognize that successful social innovation requires a range of actors. In the initial stages it relies on highly skilled individual “champions” and the enthusiastic support of a small but dedicated and influential community. The absence or loss of either of these can prove a significant setback (NESTA, 2007). Therefore, a critical problem for social innovation is to scale it at the appropriate level, meaning that it has to be effectively adapted to local context and have the potential for a feeling of local ownership to develop around the innovation (NESTA, 2007).

METHODOLOGY

In-depth Interview ; The Peasants

Mr.Natawat Intawong said about the farmers selling rice to the consumers; Make the peasants to market caused rice establishes a marketing role, including taking orders. The distribution order and collect the rice production in packaging design group. Transportation, Management the business. They are created the symbol to communicate with consumers, Public Relations, including information gathering, marketing news that affect the planning of production and marketing in the future. In the format section of the peasant's production look as healthy rice is rice, safe from toxin. (Mr.Natawat Intawong 86 Moo 1 Tambon ban Lat Muang, Mahasarakham Province, Interview, November 12,2016)

RESULTS

The result for this article is ;

1. The economics situation sale prices rice farmer/25-32,000 baht per ton. From rice sale reported on November 12,2016 for sale amount of rice and on February 13,2017 has a silver sledgehammer 46,362 THB 1,412,414 THB/30.46 average price. The partner groups, the number of couples between 2 rice Na Pho, Kud Rang to trading eith merchants selling rice sent prices at baht 10 per month 24 kg/ton, and cooperative group of Credit Union limited threat substances sold 10 kilograms of rice per day, with merchants selling rice at a department store to supplement AT Sirm Thai Complex Department store at Mahasarakham Province

2. The Peasants born to adapt sales rice met regular customer from one school at Yang Ta Lad sub district, Kalasin Province. They made a school lunch project and learn how to make a New Years's basket with rice and cotton binding baskets instead of the bow increases revenue

The Effect is Farmer lack of management system of Cooperative Enterprise; report system by themselves and a farmer looking to the best place to sale product. But the private sector not chose the well place for farmer's group. Although, The government has changed the strategy to sell rice to inform consumers like school restaurant etc.

CONCLUSION

The Cooperative took part in the rescue co-op members. Farmers have the opportunity to sell their rice output has increased. In addition to relying on the capitalist communities. The government has encouraged farmers who produce to reach customers. And received the support of the private sector in the area of distribution. But the market from consumers is not very popular. Because of the packaging material with certification standards and price comparison or

look for a replacement and The phenomena of peasant to sell rice paddy rice processed into rice production. Marks a new relationship marketing groups, farmer, built on the base of mutual trust. A relationship that is possible in multiple planes. Between farmers together in groups. Between farmers to consumers. To be making the relationship with internal and external dimensions of the relationship at the same time.

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