

External Factors Affecting Sustainable Competitive-Advantage of Community Enterprises

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Article History

Received: 24 August 2019 **Revised:** 12 September 2019 **Published:** 30 September 2019

Abstract

Gaining competitive advantage literally contributed to more efficiency and sustainability for an organization over other business competitors, and there were several factors affecting competitive advantage. In this regard, this research aimed at analyzing external factors affecting sustainable competitive-advantage of community enterprises. In this study, 271 village-fund members living in Kanchanaburi province were selected as a sample, a questionnaire was chosen as the research instrument, and descriptive statistics, inferential statistics, and factor analysis were used for data analysis. The results showed that external factors affecting sustainable competitive-advantage of community enterprises in Kanchanaburi province consisted of 4 components including economic policy-making, customer relationship marketing (CRM) , purchase decision, and production quality-management. Statistically, a total variance could describe indicators at 66.12%.

Keywords: External Factors, Competitive Advantage, Community Enterprise

Introduction

“ Community Enterprise” , the term has been recently coined and misunderstood as financial assistance provided by government to be supporting funds for earning income, likely to be seen in previous government projects. Actually, a community enterprise has been established by the government due to the importance of sufficiency economy in accordance with main-stream economy. Due to income inequality caused by main-stream economy leading to several social problems, an establishment of community enterprise aims to eliminate the stated problems by systematically developing and upholding sufficiency economy. The term “community enterprise”

could be interchangeably used with “community business” since a community is a non-government organization and any business owned by the community is therefore categorized as a private sector. By definition, “business” refers to a for-profit organization; however, a community business actually seeks for mutual assistance rather than profits. Accordingly, the term “community enterprise” should be used exactly the same as “state enterprise” that is well-known by general public. A community enterprise generally conducts simple group activities by mutual learning and understanding rather than individual activities targeting larger markets. Mostly, activities conducted by a community enterprise aims at reducing expenses, self-reliance, production management for daily consumption e. g. , management and self-production system of food and other personal products, and strengthening community economy. In addition, a community enterprise is a new business management system for community-based economy attempting to create self-reliance within the community. According to the royal speech, sufficiency economy could be seen as a foundation pile strengthening the building, and it also strengthens economic system of the country. In the past, economic system of Thailand could be seen as a building with a very narrow and small base, it was consequently unstable and fragile. Therefore, a community enterprise is highly important for strengthening economic system of the country by increasing economic activities on the grassroots level, distributing work opportunities, making income, reducing expenses, and creating self-reliance. Generally, a community enterprise is a non-formal organization and non-legal-entity according to Civil and Commercial Code. As a result, supports given by related organizations are normally non-systematic leading to operational problems due to unacceptability by government and private sectors. Besides, due to unnecessary and ineffective supports provided by government, Community Enterprise Promotion Act, B.E. 2548 has been officially declared and effective since January 19, 2005 in order to solve the stated problematic issues.

By upholding National Economic and Social Development Plans, Thailand has paid major attention to economic stability of the community (Kawharu, 2019) . The intent of Twelfth National Economic and Social Development Plan (2560 - 2564 BE) emphasizes on an application of Sufficiency Economy Philosophy by aiming at creating participatory people-centered development. The plan was created based on the principles of life-balance and sustainability in attempts to shift its state from the upper-middle-income economy to the high-income economy with stability, sustainability, and social harmony for “ stability, prosperity, and sustainability” of the nation. In addition, the plan assists in supporting community enterprises, providing opportunities in entrepreneurship, equal access to all levels of marketing system, soliciting creativity for making income, heightening capability and flexibility of entrepreneurs, enabling adaptability and ability in running businesses among various forms of trade barriers, increasing ownership proportion, expanding markets of branded products, presenting more private marketing channels, and continuing and developing industries and services to become a manufacturing center.

According to studies relative to community enterprises in Thailand, problematic issues were reported in several aspects e.g., entrepreneurs lacked of understanding in business concepts, inability to develop and standardize products to acquire marketing acceptance (Naipinit, Promsaka Na Sakolnakorn & Kroeksakul, 2016) , technological limitations in innovation creation, insufficient technological development and knowledge required for production process (Suphitphan & Chuttira, 2012). It was proposed that technological implementation was found to be difficult for small and medium-sized enterprises (SMEs) due to the lack of resources and marketing problems (Haseeb, Hussain, Slusarczyk, & Jermsittiparsert, 2019: 184). A number of studies also reported that social and technological challenges highly contributed to sustainable competitive-advantage. Moreover, strategic planning was a key reflecting a positive result of social and technological factors affecting sustainable competitive-advantage (Haseeb, Hussain, Kot, Androniceanu., & Jermsittiparsert, 2019: 3811).

By performing situational analysis, problematic issues of community enterprises were 1) lacking of fundraising activities-the community enterprises relied solely on supports provided by unsecured sources of loan operating individually by chairpersons with the lack of mutual collaborations, clear inspection, community acceptance, knowledge sharing, continual meeting venues, and regular conferencing, 2) lacking of work collaborations-activities were uncooperatively conducted by an individual or a group e.g., production and processing were planned according to incoming orders by a group, chairpersons were in charge of all operations with the lack of work distribution and agreements, insufficient raw materials, and expensive cost delaying production flow, and most activities were performed based on member's experiences, 3) lacking of market networks and expansion-most enterprises relied solely on community market without effective marketing and production plans and public relations, 4) lacking of supports from other community enterprise networks and driving mechanisms-secured and stable community enterprises would normally be supported by related organizations and sources of loan in terms of development, finance, budget, and academic matters (Duangsamon, 2011).

Working operations of community enterprise contributed to more efficiency and sustainability for an organization over other business competitors, and there were several factors affecting competitive advantage including customer, competition, politics, economy, society, and technology. Currently, organizations possessing and effectively utilizing body of knowledge could gain sustainable competitive-advantage in the market. That is, the body of knowledge and resources should be continuously developed as for sustainable competitive-advantage (Mahdi, Nassar, Almsafir, 2019).

As aforementioned, it could be said that community enterprises in Kanchanaburi province were operated with several problematic issues relative to work management, operational activities, marketing, and network supporting. The drawbacks underlined unstable and unsecured conditions leading to non-systematic work operations and unsustainability. In this regard, this study was therefore conducted in attempts to support, develop, and promote competitive advantage among entrepreneurs in owing to establish stability, prosperity, and sustainability within the community.

Research Questions

Community enterprise is a non-formal public organization and is not registered as a juristic person according to Civil and Commercial Code. As a result, supports provided by related organizations are informally granted to without systems and unity causing unacceptance among official and private sectors. Moreover, unnecessary and ineffective supports could cause a negative result in both domestic and international competitions. Therefore, an analysis of external factors affecting sustainable competitive-advantage of community enterprises could strengthen and increase capabilities and profitability by maintaining suitable business environments, creating balanced states of economy, society, and environment for further sustainability.

Research Objectives

The objective of this study was to analyze external factors affecting sustainable competitive-advantage of community enterprises.

Research Methodology

This quantitative research was conducted by using a questionnaire to collect data from 840 community entrepreneurs living in Kanchanaburi province (Department of Agricultural Extension, 2017). A sample was selected using the calculation formula of Taro Yamane gaining 271 village-fund members by cluster sampling from 13 districts. Data were verified and analyzed using descriptive statistics, and the results were presented in forms of frequency, percentage, mean, and standard deviation (SD) .

Lastly, factor analysis was adopted to identify external factors affecting sustainable competitive-advantage of community enterprises.

Research Results

Opinions towards external factors affecting sustainable competitive-advantage of community enterprises were analyzed using descriptive statistics and presented in forms of mean and standard deviation (SD), as shown in Table 1. It was found that external factors affecting sustainable competitive-advantage were found at the overall level of high (mean = 3.65). By considering individual aspects, Customer was found to be the highest (mean = 3.71), following by Technology (mean = 3.67), Society (mean = 3.65), Competition (mean = 3.63), Politics (mean = 3.62), and Economy (mean = 3.61), respectively.

Table 1 Overall Mean and Standard Deviation (SD) of External Factors Affecting Sustainable Competitive-Advantage of Community Enterprises

External Factors Affecting Sustainable Competitive-Advantage	\bar{x}	S.D.	Level
1. Customer	3.71	0.82	High
2. Competition	3.63	0.91	High
3. Politics	3.62	0.91	High
4. Economy	3.61	0.90	High
5. Society	3.65	0.83	High
6. Technology	3.67	0.84	High
Total	3.65	0.87	High

Opinions towards the creation of sustainable competitive-advantage of community enterprises were analyzed using descriptive statistics and presented in forms of mean and standard deviation (SD), as shown in Table 2. It was found that opinions towards the creation of sustainable competitive-advantage of community enterprises were found at the overall level of high (mean = 3.73). By considering individual aspects, Sustainable Competitive-Advantage of Community Enterprises was found to be the highest (mean = 3.84), following by Quick-Response (mean = 3.77), Cost (mean = 3.75), and Uniqueness (mean = 3.57), respectively.

Table 2 Overall Mean and Standard Deviation (SD) of Opinions towards the Creation of Sustainable Competitive-Advantage of Community Enterprises

Opinions towards the Creation of Sustainable Competitive-Advantage	\bar{x}	S.D.	Level
1. Cost	3.75	0.79	High
2. Uniqueness	3.57	0.96	High
3. Quick-Response	3.77	0.78	High
4. Sustainable Competitive-Advantage of Community Enterprises	3.84	0.72	High
Total	3.73	0.81	High

Suitability of variables tested by Kaiser-Meyer-Olkin Measure of Sampling Adequacy, it was found that KMO = .951 (> .80), showing that the variables were suitable for factor analysis at the level of very high as described by Kim and Mueller W. (2008). In addition, Bartlett's Test of Sphericity, as shown in Table 3, pointed out the correlations of variables at the significance level of 0.000 (< .05), showing that all variables could be used in factor analysis.

Table 3 Suitability of Variables of External Factors Affecting Sustainable Competitive-Advantage of Community Enterprises and Hypothesis Testing Using Correlation Matrix

Test		Result
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.951
Bartlett's Test of Sphericity	Approx. Chi-Square	6394.114
	df	435
	Sig.	.000

External factors affecting sustainable competitive-advantage of community enterprises, the analysis was conducted using factor analysis. The results were demonstrated as shown in Table 4, factor extraction using principal component analysis (PCA) revealed the communality of all 30 variables in this study at .481 - .770 (medium - high). The variables tended to be categorized into one of the components.

Table 4 Eigen Value, Percentage of Variance, and Cumulative Percentage of Variance of Individual Components

Component	Eigen Value	Percentage of Variance	Cumulative Percentage of Variance
1	15.670	52.232	52.232
2	1.630	5.433	57.664
3	1.466	4.886	62.550
4	1.072	3.572	66.122

Orthogonal rotation using varimax method, as seen in Table 5, showed that all 30 variables could be categorized under 4 components with Eigen value (> 1.00). Each component could describe the variance of all 30 variables at the Eigen value > 1.00 . In addition, all 4 components could describe the variance of all 30 variables at 66.122%.

Table 5 Orthogonal Rotation Using Varimax Method

Component	Extraction	Sums of Squared		Rotation	Sums of Squared	
	Loadings	%	of Cumulative	Loadings	%	of Cumulative
	Total	Variance	%	Total	Variance	%
1	15.670	52.232	52.232	5.908	19.693	19.693
2	1.630	5.433	57.664	5.533	18.443	38.135
3	1.466	4.886	62.550	4.351	14.503	52.638
4	1.072	3.572	66.122	4.045	13.484	66.122

Orthogonal rotation using varimax method showed the exploratory factors of external factors affecting sustainable competitive-advantage of community enterprises, as shown in Table 6.

Table 6 Exploratory Factors of External Factors Affecting Sustainable Competitive-Advantage of Community Enterprises

Component	Variables	Factor Loading	Communality Coefficient
1. Economic Policy-Making	1. Government policies assisted in financial supports for work operations.	0.756	0.726
	2. Changes in taxes affected work operations of the enterprise.	0.748	0.675
	3. Political situations affected work operations of the enterprise.	0.705	0.721
	4. Exchange rate fluctuation, inflation rate, and interest rate affected work operations of the enterprise.	0.695	0.674
	5. Government policies assisted in work operations of the enterprise e. g. , Sales channels.	0.664	0.655
	6. Government policies assisted in supporting and developing product quality contributing to social acceptance.	0.662	0.682
	7. Product imports and exports affected work operations of the enterprise.	0.628	0.615
	8. Government policies assisted in product advertising to general public e.g., One Tambon One Product (OTOP).	0.624	0.665
	9. Job vacancy rate, insufficient workforce, and minimum wage increase affected work operations of the enterprise.	0.549	0.535
2. Customer Relationship Marketing (CRM)	10. The enterprise gained increasing market shares by expanding customer base.	0.748	0.698
	11. The enterprise prioritized customer relationship marketing (CRM) as a major concern to meet the changing needs of customers.	0.730	0.674
	12. The enterprise gained the increasing number of new-customers and could successfully retain customer loyalty.	0.670	0.666
	13. The enterprise observed situations to reduce mistakes from decision-making.	0.660	0.614
	14. The enterprise possessed a clear target group of customers	0.652	0.524
	15. The enterprise often launched new products into the market.	0.595	0.694
	16. The enterprise possessed	0.591	0.643

production planning based on sales plans and customer needs.

Table 6 (Con.)

Component	Variables	Factor Loading Coefficient	Communality
	17. Customers could not find other products as a substitution due to product uniqueness. So, it was inconvenient for customers to purchase from other sources.	0.580	0.664
	18. The enterprise regularly conducted studies and data analyses relative to other competitors.	0.527	0.681
	19. The enterprise advertised products through media or places.	0.504	0.675
	20. The enterprise prioritized product research and development as a major concern and became a leader in technology and innovation creation.	0.481	0.646
3. Purchase Decision	21. Public media, advertising, and public relations influenced customers and work operations of the enterprise.	.770	.752
	22. Purchasing behaviors of customers changed upon values and popularity.	0.769	0.723
	23. Environmental aspects of individuals could result in different purchase decisions.	0.709	0.690
	24. Customers tended to rely and follow more on current trends.	0.697	0.681
	25. Age, gender, education level, family size, and lifestyle affected work operations of the enterprise.	0.523	0.501
	26. Public media, advertising, and public relations influenced customers and work operations of the enterprise.	0.483	0.539
4. Production Quality Management	27. The enterprise used modern and quality equipment in production.	0.770	0.795
	28. The enterprise created and developed products under quality control of raw materials and production processes.	0.691	0.717
	29. The enterprise adopted modern technology and equipment for more convenience in work operations.	0.675	0.668
	30. The enterprise promoted the use of modern information technology to widen business boundaries and continually increase effectiveness of business operations.	0.594	0.645

Exploratory factors of external factors affecting sustainable competitive-advantage of community enterprises revealed 4 components and 30 indicators. The components were categorized and named according to communality of the variables, as seen in Table 7.

Table 7 Exploratory Factors on Indicator Development of External Factors Affecting Sustainable Competitive-Advantage of Community Enterprises

Component	Name of Component	Number of Indicators
1	Economic Policy-Making	9
2	Customer Relationship Marketing (CRM)	11
3	Purchase Decision	6
4	Production Quality-Management	4
Total		30

Discussion and Conclusion

Opinions towards external factors affecting sustainable competitive-advantage pointed out influences of external factors at the overall level of high. The factors could be presented in descending order according to means as Customer, Technology, Society, Competition, Politics, and Economy. The results were supported by the concept of successful factors of community enterprises proposed by Linda (2012) mentioning that key external factors affecting the success of community enterprises included of fundamental characteristics of the community e. g. , collaborative thoughts, cultural reputation, local wisdom, supporting organizations and business partners, good business partnership especially leading partners in contact. All characteristics highly contributed to progressive development and the similar results were reported by Chutima (2014), on the study of successful factors of operating SMEs in Hat Yai district, Songkhla province and Xia, Qiu & Zafar. (2007), on the Impact of Firm Resources on Subsidiary's Competitiveness in Emerging Markets: An Empirical Study of Singaporean SMEs' Performance in China, stating that the most important external factor affecting the success of SMEs was technological system.

Opinions towards the creation of sustainable competitive-advantage pointed out influences of external factors at the overall level of high. The factors could be presented in descending order according to means as Sustainable Competitive-Advantage of Community Enterprises, Quick-Response, Cost, and Uniqueness. The results were in line with the concept of competitive advantage proposed by Porter (1979) presenting 3 types of competitiveness creating advantages to industries including 1) advantages in cost, 2) advantages in creating uniqueness, and 3) advantages in quick-response. In addition, Porter & Kramer (2006) mentioned in the concept of competitiveness using quick-response that this was an additional advantage of product development and on-time delivery. The delivery time-table was clearly set and reliable, work operations were conducted with flexibility, and responses to customers were also flexible, reliable, and fast.

Factor analysis for the creation of sustainable competitive-advantage of community enterprises pointed out 4 components including Economic Policy-Making, Customer Relationship Marketing (CRM), Purchase Decision, and Production Quality-Management. Similar results were discovered by Jumadi & Bakri (2017) reporting that enterprises with competitive advantage tended to possess external environmental factors. Also, Lev (2017) proposed that enterprises taking major part in solving environmental and social problems gained higher sustainable competitive-advantage in the market, and maintaining existing competitive advantages could create further sustainability. Therefore, administrators, investors, and committees should pay more attention on running businesses in a traditional manner. The results were supported by Chutima (2014) and Wanjiku (2012) on the study of

successful factors of operating SMEs in Hat Yai district, Songkhla province, insisting that 1) technological system is the most important external factor leading to success, 2) marketing, client, technological, and financial systems could predict the success rate of SMEs in terms of stability, at the significance level, 3) management, client, and marketing systems could predict the success rate of SMEs in terms of social acceptance, at the significance level, and 4) marketing, client, and management systems could predict the success rate of SMEs in terms of reputation, at the significance level.

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