Strengthening and Building Communities: The Social Economy in a Changing World

October 22-25, 2007 in Victoria, BC, Canada

The Development of Co-operative Movement in the 36 Provinces

Juthatip Patrawart
Co-operative Academic Institute,Kasetsart University

Abstract

The objective focuses on the process of network building among groups/organizations and co-operatives. The result of the research project series were as expected, that is, the establishment of a network of researchers consisting of 300 researchers with common concept, skills and experiences for the "Value Network Connection". These researchers has managed to build up participation process among more than 38,342 leaders of the groups/organizations and co-operatives in those 36 province area. There were 117 networks established consisting of networks for business, social/local and academic purposes. Some of these networks activities have resulted in fruitful business, decreasing of expenses, income addition, and actual opportunities expansion for network members. The recommendations are possible in 2 approaches. Involving a linkage of value networks is regarded as an important strategy for the 2nd Co-operative Development Plan (2007-2011). Also, extending the value network to connect supply chains of major economic crops and livestock should be developed into the fair-trade system.

Introduction

The Thailand Research Fund (TRF) supports researches on co-operative, under the co-ordination project. In 2002, a package of knowledge on development of the Co-operative Movement and a research project was applied to "The 1st Co-operative Development Plan, 2003-2006." The plan prescribe a vision for co-operative development to motivate all parties concerned, **the mutual self-help socio-economic organizations, to strongly hold the co-operative values, co-operation and linkage of networks in order to develop corporate effectiveness and good governance, and to build sustainably the strength of membership, communities, society and the nation.**

The strategies under the 1st Co-operative Development Plan underlines the importance of cooperation and **linkages of networks** aiming at developing a corporate capacity which will be favourable to the environment of co-operatives the members' well-being . This is equivalent to the solving of poverty problems. In addition, the plan emphasizes a campaign on cooperation among registered co-operatives and groups or organizations which have not yet been registered under the Co-operative Society Act, 1999. These groups or organizations will be called "un-registered co-operatives" who believe in the co-operative values that link them together in a network or networks.

After the Board of National Co-operative Development approved in 2003 the 1st Co-operative Development Plan, TRF financially supported the project on co-ordination for co-operative research to carry on a set of research projects on guidelines for the development of mutual self-help groups or organizations in nine provinces. Its main purpose was to undertake the participatory action research for linking a network of registered and un-registered co-operatives in accordance with the visions of the co-operative development plan. The outcome of the research indicated best practices to form a network which was beneficial to cooperation among co-operatives and back to organizations of the network and their individual members.

A package of knowledge designed from the said research shows the power of cooperation in the form of partnership networks between the registered and non-registered co-operatives. This phenomenon is useful in terms of business and academic. Furthermore it generates a knowledge-based society for network members, which will be powerful in developing a frame of thought and visions of leaders of groups, organizations and co-operatives. This will

cause the capacity development of the organizations so as to help the individual members raise their standard of living, or solve poverty problems by co-operative ways as aspired.

In order to expand the impact onto the formulation of a policy on the solving of poverty problem, TRF has assigned the Co-operative Academic Institute (CAI), Kasetsart University to undertake a package of research projects, "the Development of Co-operative Movement for Solving Poverty Problems in 36 Provinces" within a time frame of one year. Therefore, there existed 36 research teams, which are a partnership network of the CAI. They carried on the research projects under the participative action research program with the advice of the Central Coordination Team, which supports the Province research teams.

Each province research team consists of the technical experts, co-operative-extension officers, learned country-men, and leaders of mutual self-help groups, organizations and co-operatives. All of them share the same goals of, and cooperate in, the development of man by cultivating in them the co-operative values through a machine of groups, organizations and co-operatives that have been united in value networks. These value networks are expected to fulfill the missions of developing men, knowledge-based society and businesses which will finally attain the elimination of poverty, under the cooperation of partnership networks.

Objectives of the research

1. To extend and expand the body of knowledge gained from a research on the existing registered co-operative in order to operate the development of the co-operative movement in 36 provinces.
2. To search for approaches and digest the lessons for development of cooperation, alliance and network linking among groups/organizations/co-operatives that are in line with the provincial context and co-operative approach in poverty eradication

3. To create network for scholars, technicians and developers in co-operatives at group/organization and network levels.

Methodology and its Outcomes

The conceptual framework to develop co-operative movement for poverty eradication under the research theme mobilized the participatory action research. The focus of the research was at the group/organization and co-operative leaders through the process of operation direction framework preparation of the groups/organizations and co-operatives towards linking them as the value network. The value network will benefit the cooperation among groups/organizations and co-operatives that voluntarily to be parties of the network which would generate economic, social and technical powers in the network in the form of value system. Such value system would link activities and business in the form of product and service chains that supported knowledge-based society, financial support society and fair trade system as well as fair income distribution that ultimately eradicating poverty.

Figure 1 presents the research target areas in 36 provinces. The research process follows the frame of thought and guidelines of practices in three steps, also see Figure 2.
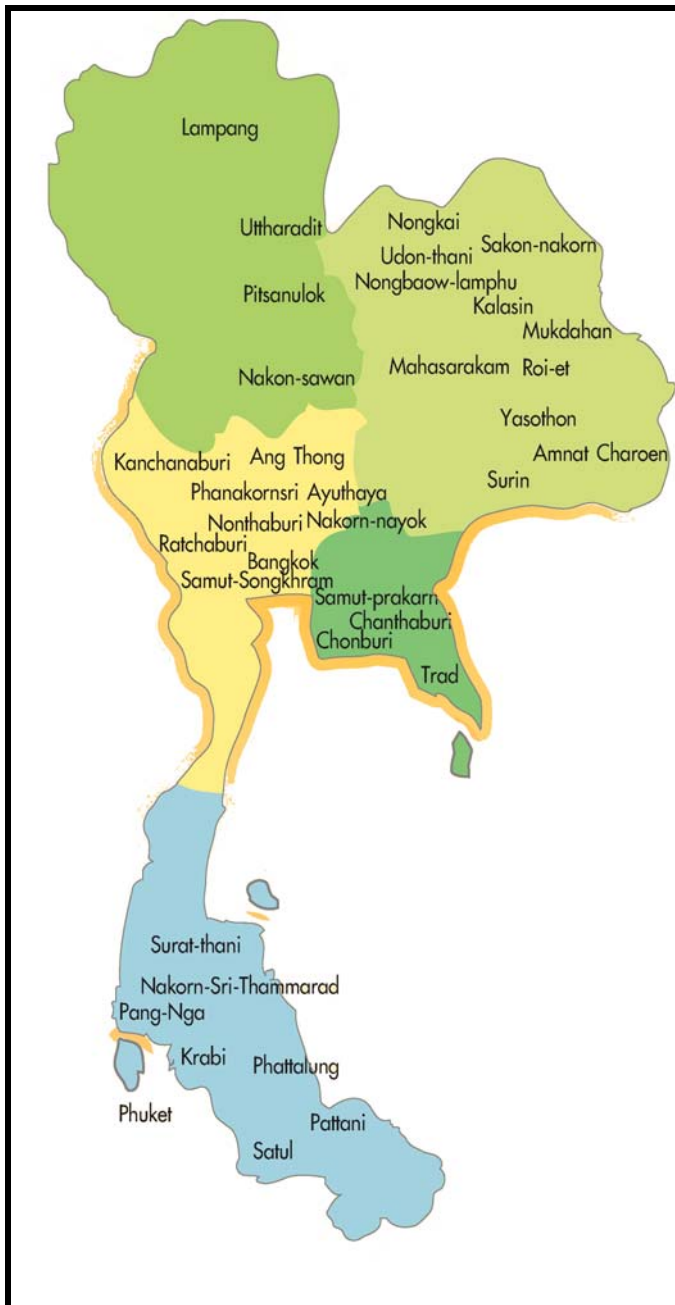
Figure 1 The 36 Province Research Target Areas of the project

1st Step: An access to and a build-up of understanding among leaders of mutual self-help groups, organizations and co-operatives is carried on with the surveys of basic data for the mutual self-help groups, etc and their existing network in the provinces, the provision of forums for the exchange of knowledge and build-up of understanding related to a set of three basic knowledge, via co-operative values, value networks and progressive management. In the last step, the provincial research teams will persuade interested leaders of the groups,

organizations and co-operatives to take part in the projects.

2nd Step : The so-called self-analysis or the assessment of potentials of the groups, organizations and co-operatives which are interested to join the projects ,is aimed at setting their frameworks and a direction of operations including considerations of a point or channels of linking one another's networks.

3rd Step : The provincial research teams, under the support of the Central Coordination Team, encourage and support the groups, organizations and co-operatives to establish, in the context of their respective areas, the appropriate linkages of their networks, which may bear different results depending on the said context and the conditions of provincial research teams.
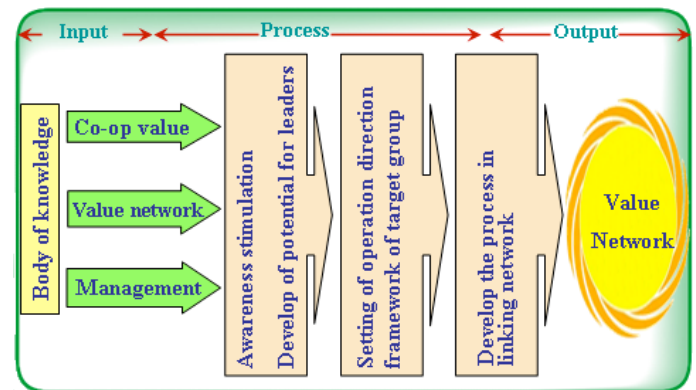

Figure 2 The research process for linking value network

In order to support the 36 provincial research teams to carry out the research project using participatory action research approach, under the provincial context, to meet their expected targets, the central coordinating team provided various support to the provincial teams. Among them are:

a) Establishment of forum for exchanging of lessons learned to enhance knowledge, techniques and exchange experiences among resource persons, central coordinating team and researchers as well as interested public.
b) Introducing knowledge management process to research teams to apply in the field.

5

c) Dissemination of general and technical information in the form of documents, video and electronic through the web site of the project (www.cai.ku.ac.th)

d) Support from the central coordinating team through regular field visits in the provinces.

1. Outcomes of network

A total of 117 networks were created from the research work. They can be classified in two approaches. If classified by the purpose of the network, three types of network could be separated. While classified by the network mechanism, two types of network could be separated.

1.1 Classified by purpose

a) **Business network** This is the network created from the cooperation of the network parties of groups/organizations and co-operatives with the main purposes of business such as Value Network, Pitsanulok Province; Rice-variety Network, Nontburi Province; Rubber Collection Network, Surathani Province; Home-stay Network, Pang-Nga Province; Andaman Tourism Network, Phu-ket Province; Occupation-group Network, Krabi Province; Co-operative Network, Chiangrai Province; Rice Collection Network, Nongbualumpu Province; Paddy Network, Udonthani Province; Yom-Kram Handicraft Network, Sakonnakorn Province; Organic-fertilizer Network, Kalasin Province; Rubber Business Network, Mukdaharn Province; Hommali Rice Network, Roi-et Province; Rice Network, Mahasarakarm Province; Occupational Group Network, Yasothorn Province; Community Business Network, Nakhorn Nayok Province; Financial Network, Samutprakarn Province; Dairy Cow network, Chonburi Province; OTOP Network, Nakhorn Srithammarat Province; Business Network, Pattalung Province, Ethical Rice Value Network,

Yasothorn Province and KU Outlet Center, Kasetsart University.

b) **Social Network/Area-Approach Network** This is a network created from cooperation among network parties of groups/organizations and co-operatives. It has the main objectives of conducting social and ethical activities as well as being a knowledge exchanging forum to drive and develop various cooperation works. They are Co-operative Network, Chiangrai Province; People Network, Lampang Province; Sri Ayudhaya Network, Ayudhaya Province; Learning Network, Ratchaburi Province; SST Alliance Network; Area-wise Network, Krabi Province; Khao Khaw Co-operative Network; Nakhorn Srithamarat Province; Saving-honesty Learning Network, Trad Province, Leader-Monk Network, Amnacharoen Province; Learning Network; Mukdaharn Province; Learning Network, Udonthani Province; Area-wise Network, Nongkai Province.

c) **Technical Network** This is a network created from the network parties aiming at technical know-how to enhance technical and technology for the network parties. Among them are Business Promotion Center, Samutsongkram Province; Technical Network CAI-CAD-FSCT Network; Agri. Co-op Manager Network, Researcher Network; CAI-Village Bank Network.

1.2 Classified by network mechanism

a) **Dominated network** A network in which network-driving responsibility is designated to a particular organization or organizations. These organizations are generally good or having high experiences in works related to the main targets of the network. The dominated network will be responsible for management and administration designated within a given period such as Value Network, Pitsanulok Province (Figure 3).
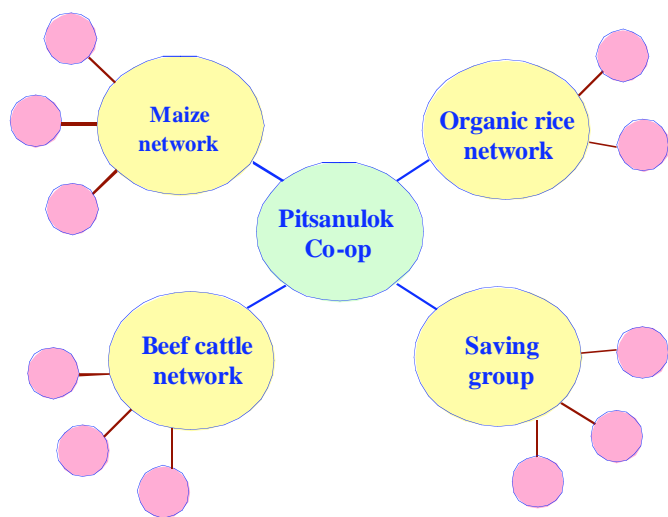
Figure 3 Dominated Networks in Pitsanulok Province

b) **Equal-Partner Network** This is a network without dominated network but driven, within a given period, by a network administration committee which composed of leaders from groups/organizations/co-operatives who are nominated from the network party meeting such as Beautiful Utraradit Province Network, Home-stay Network etc. (Figure 4).

Figure 4 Equal-Partner Network in Phang-Nga Province

2. Assessment of Poverty Eradication Impacts of the Network

Due to time constraints of one year of the research, the assessment of poverty eradication impact of the network was limited. This was mainly because the establishment was only at its early stage and the business as guided by the framework of the network was not yet operated. Nevertheless, some networks attained certain tangible achievement in poverty eradication. Some of them are discussed below.

a) **The case of Udonthani Province Network**

Within one year, the Udonthani research team provided support in networks linking in the province and resulted in 6 networks which are Co-operative Network, Animal Feed Network, Paddy Network, Sugar Network, Paddy and Rice Network and Chemical Fertilizer Network. There were 65 organizations with 106,635 members as parties to the networks. Of the total, 9,815 persons were the registered poor. These 6 networks could the members to expand their business. The Animal Feed Network could help reducing expenditures of the members. The Paddy Network could help increasing income and opportunities. The Paddy and Rice Network could help increasing income, reducing expenditure and enhancing opportunities to their members. The Sugar Network and the Chemical Fertilizer Network could help reducing expenditure and enhancing opportunity.
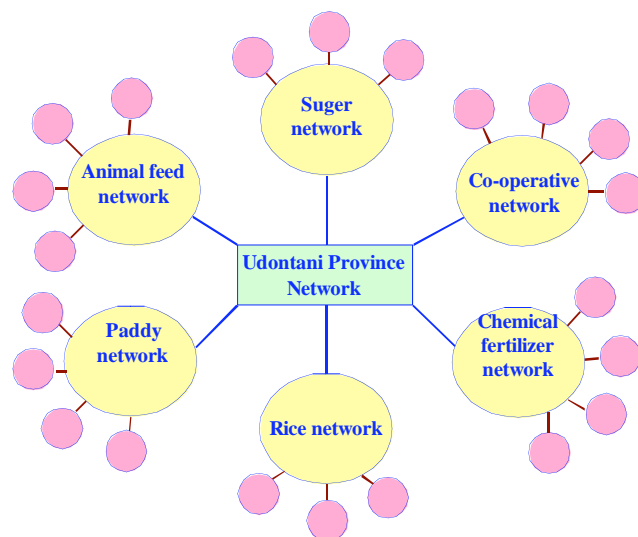

Figure 5 Udonthani Province Network

b) **The case of Pattani Province Network**

The Pattani research team provided support in linking networks in the province within one year and resulted in the more important networks such as

Budo Peace Network and Pattani Co-operative Network. These networks emphasized the business linkages especially for consumer products and savings with the Saiburi Co-operatives Limited being the dominated network to drive the activities of the groups/organizations in the network. It was found that during July 2006 to October 2006, the Budo Peace Network had total income of 206,000 baht from providing goods to member, the Muslim Dress Making Group members had an average income from dress making of 1,000 baht per member and the Pattani Co-operative Network had commodity trading activities with its alliance in the province and the region of 45 million baht. In addition, cooperation in money deposit activities was also generated by the network parties as planned.

Figure 6 Pattani Province Network

c) **The case of Phuket Network**

The Phuket research team produced 7 networks in its network linkages. There were 125 groups/organizations/co-operatives participated in the 7 networks of Community Business Network, OTOP Network, Farmer Network, Service Co-operative Network, Credit Union Network, Tourism Community Network and Business Network. They are generally called by the central coordinating team as Andaman Phuket Tourism Network which had important roles to revive the traditional life history of Phuket people that integrated races, religions and Thai indigenous knowledge. The operation framework of this set of research was from participatory process to stimulate common activities according to their co-operative forces, to form the network that reducing expenditure, increasing income and expanding opportunity to its members, in addition to raising alliance power of the community network, exchange in service learning experiences to develop self-sufficiency economy. Over the two-year period of research work, it could be concluded that the Community Business Network formed Allamana Co-operatives with community evolving fund of more than 300 thousand baht. In 2006, the network had income over 1.5 million baht and Muslim Spa Group had their income increased from 150 baht/day to 800-1,000 baht/day. For other networks such as Service Co-operative Network, after developing service standards and preparing business plans to the entrepreneurs of the network, the income from business of the network in 2006 increased from 1.5 million baht to 7 million baht. Other tourism community networks in Phuket improved their products, outlet locations and home-stay resulted in higher income.
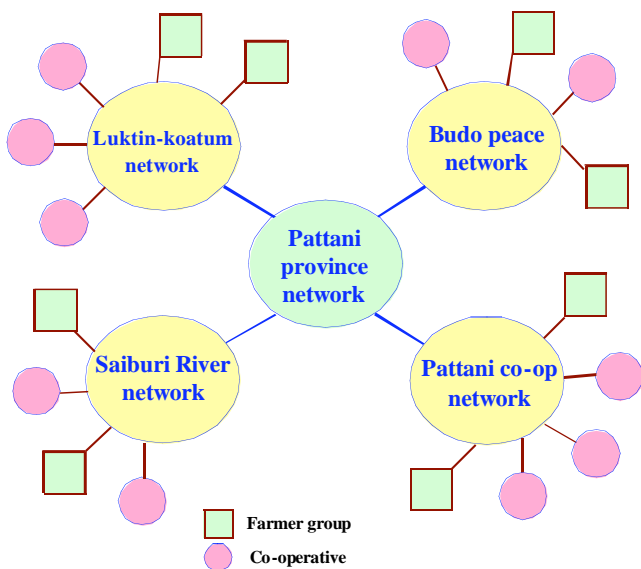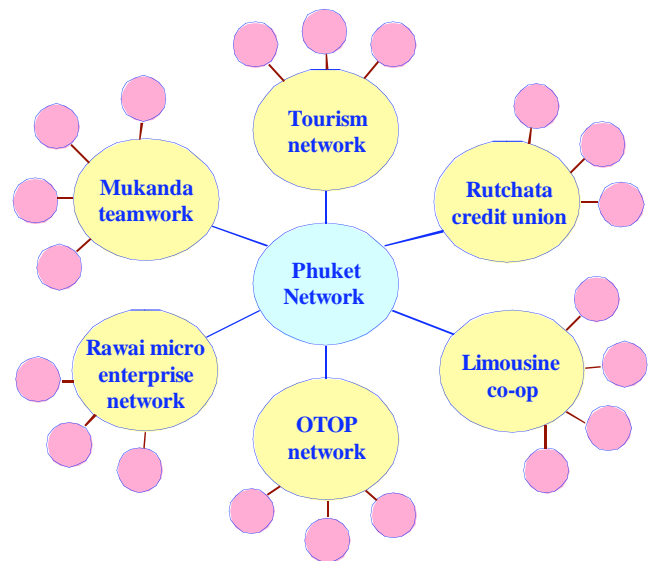

Figure 7 Phuket Network

d) The Case of Phang-nga Province Network

The Phang-Nga research team provided support in linking value networks within the province in one year and resulted in five networks i.e. Fruit Network, Fertilizer Network, Rice Network, Rubber Network and Home-stay Network.

At present, all networks completed their operation direction frameworks, most of which increasing income and reducing expenditure for groups/organizations/co-operatives that were parties to the network. Among them were Fruit Network, Fertilizer Network and Rubber Network. For Home-stay Network, in addition to benefit of increasing income and reducing expenditures, the network parties would also give opportunities to expand their business from their cooperation in organizing business activities.

Synthesis and Extensions

The network linking of the research teams under the "Development of Co-operative Movement for Solving Poverty Problem in 36 Provinces Project" resulted in 117 networks of 872 groups/organizations and co-operatives. When employing the portfolio matrix analysis, it demonstrates the relationship between outcomes of network linking in the context of different factors. In Figure 6, x-axis represents intensity rate of research team factor and y-axis represents the intensity rate of group/organization factor.

Research team factors intensity which affect the success of linking network consisted of 4 components; understanding in the concept and the network linking process of the researcher team, developer's spirit of researchers, participatory action research skill and experience of researcher and continuously work through the research process guideline.

Group/organization factors intensity which affect the success of linking network consisted of 4 components; co-operative awareness among the group/organization leaders, trust among the group/organization leaders, recognition of the importance of value network, and creditability of the group/organization that participate as a member of network.

The outcome of **Value Network** resulted from network linking process that consisted of high intensities of research team factors and group/organization factors. The research team understood the conceptual framework and the network linking process, had developer's spirit and

participatory research skill as well as regularly worked toward research guideline. After developing the process with the cooperation conscious group/organization leaders, creating trust among them, recognizing the importance of value network and having image of creditability, the network linking would generate outcomes according to the conceptual framework of the project. It would establish management administration that brings about activities to achieve the network common goals which is to reduce expenditure, increase income and expand opportunities for the members collectively and individually. Such tangible benefits to the network parties and their members would ultimately eradicate poverty.

The outcome of **"Adjusted Network"** resulted from network linking process that had certain intensity of groups/organizations, those network already established, group/organization leaders with cooperation awareness or already had had activities related to collective purchase/sale. When the research team established learning and exchange forum following the project conceptual framework, the "adjusted network" would be created. The higher intensity of the research team, the larger potential of the network would be adjusted following the conceptual framework of the project.

The outcome of **"New Born Network"** resulted from the network linking process consisted of research teams who have consistent and intensive research efforts. The teams were able to support groups/organizations and co-operatives to form networking within one year. The new born network might not be in the position to conduct economic business as expected, but it started to establish learning and exchange forum, from common direction of the network. If regular supports are given, this group could develop to be value network in the future.

The outcome of **"No Network"** resulted from the network linking process in some areas where groups/organizations were not interested to be network parties. At the same time, if no researchers working in the areas, the supports would not be sufficient to develop the network linking. Nevertheless, the research team established the learning and exchange forum for the

group/organization and co-operative leaders related to the concept of value network and aggressive management administration process for their future benefits.
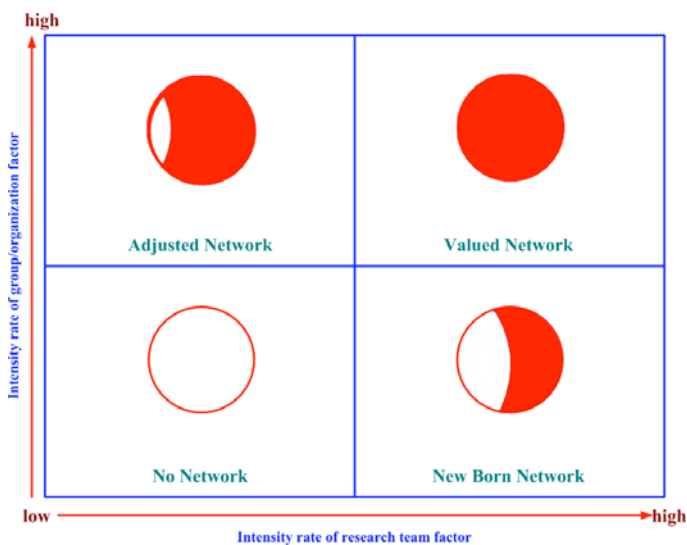

Figure 8 Portfolio matrix to demonstrate the relationship between network outcomes and different factors

Eradication of poverty in co-operative way with this value network formation emphasized the solution of system with the process that narrowing down to the core problems of poverty. Three aspects of poverty of people in the society are focused upon: **Economic Poverty, Idea Poverty and Relationship Poverty** (Figure 9).

The three aspects of poverty mainly caused by globalization and public policies that ignored the traditional norms and social values i.e. cultural ecosystem, community way of life and ethic but enhanced the behaviors of consumption, competition, power relation and dependency system. The social attitude and norms were deviated to competition, luxury, and dependence on outside and lack of ethic. Public were lack of opportunities or capabilities to access to modern economic and social system, causing poverty in economic, thinking and friend.

To operate the linking of value network was to systematically address the issues and use the process to solve the problems as follows:

a) **To solve "Economic Poverty"**, value network will use the power of **cooperation** to bring about the potential and capacity in business principles of the groups/organizations/co-operatives that are parties of the network in business planning to reduce cost, expand market and increase income for the benefits of their individual members by co-operative way.

b) **To solve "Idea Poverty",** value network will create learning society for the network community through the continuous learning and exchange forum. It will equip the wisdom to the community by linking the existing knowledge such as culture, indigenous knowledge and knowledge about the current external circumstances, with the sufficiency economy philosophy, to bring about ways to solve the "Idea Poverty" and raise the the co-operative values back to the community and society.

c) **To solve "Relationship Poverty",** the value network will develop **cooperation among groups/organizations/co-operatives** which is network parties that hold "co-operative values" as the contact point to link the **relationship.** Such relationship in the form of network, in addition to solving the "relationship poverty", would also generate the economic, social and cultural powers and thus support the harmonious society.
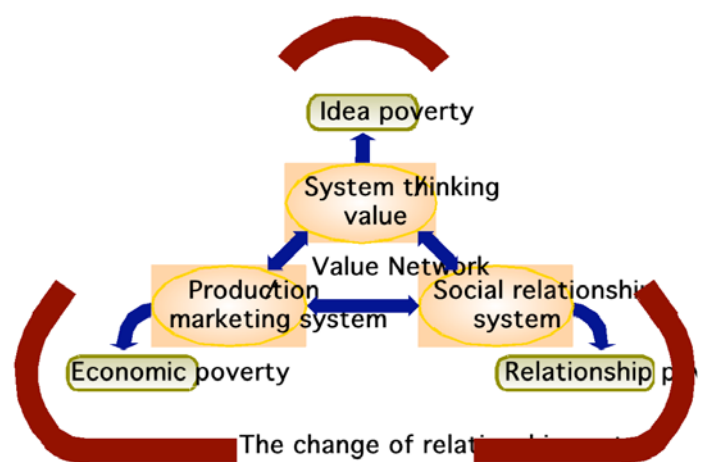

Figure 9 Value network: the systematic approach to solve the poverty problem

Perspectives on factors affecting the network establishment

Perspectives of the researchers about the factors affecting the establishment of the network and the approaches for co-operative movement development are as follow:

1) Continuous meeting forum to develop relationship
2) Trust among the organization leaders
3) Acceptable coordinators
4) Information exchange
5) Creditability of the organizations
6) Core-competency of the organizations
7) Contractual agreement

The approaches to expand value network for development of co-operative movement and poverty solution are described in Figure 10.

Conceptual framework for linking value network should be broaden to cover the systematic development of value on co-operative/sufficiency economy to the public at large; the development of co-operative leaders/stakeholders at all levels; development of administration mechanism for the change of co-operative system and establishment of linking mechanism for inter- and intra- co-operatives.

At present, the expansion of results from value network is being introduced in the workshop in the Second Co-operative Movement Development Plan for 2007-2011 Project. The plan will be used as a master plan to implement policies in co-operative development in all relevant sectors in the future.

The important framework to expand the results of value network for co-operative development and for drafting the master plan would start from constricting the **co-operative value system** to reach the peaceful society. Under the strategic process of the plan, co-operative values will be the key linking point in driving the development of co-operative system. They will reduce weakness/constraints caused by the present ignorance of each other among registered and non-registered co-operatives. The experiences in the targeted provinces indicated that people in the society were willing to cooperate under the "co-operative values".

Under the worthy development of co-operative system to achieve the "harmony society" which is the goal of the 10th development plan should consist of four operational strategies as follows:

First Strategy: Systematically building co-operative values/sufficiency economy philosophy for the nation. This strategy would complement 3 development mechanisms for instance: creation of people power to systematically drive the operation of co-operative system, development of learning and ethical society and creation of people power in supplement development of ethic/unity of the nation.

Second Strategy: Development of leaders/stakeholders at all levels to recognize the co-operative values and the importance of value network in co-operative development to be the important mechanism to drive the operation of co-operative system.

Third Strategy: Creation mechanism to administer the change by expanding the value network linking process of the project would broaden the contribution to capacity development of co-operative system to the registered and non-registered co-operatives that are parties to the network. This would respond to the need of the parties, community and society in assisting the policies of economic, social and cultural development to meet the goals of peaceful society.

Forth Strategy: Creation of inter-co-operative and intra-co-operative mechanisms to accommodate the fair trade development. It is highly essential for the value network linking process to generate a worthy and tangible co-operative system for the members, community and society. The linking process of good and service supply chains to be developed as a fair trade and service system would contribute to fair and equitable income distribution and hence solve the poverty problem in co-operative way.
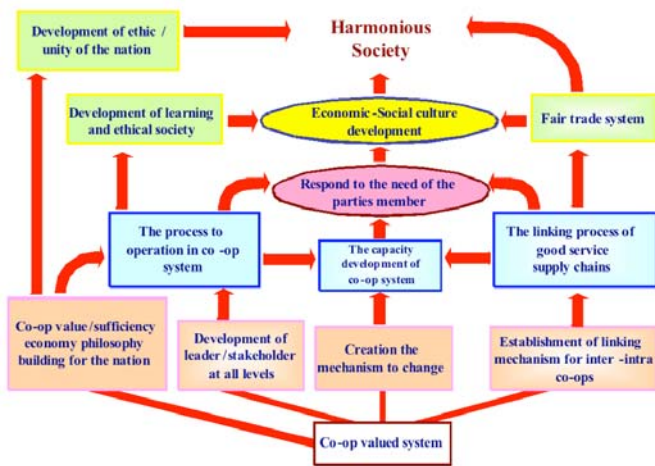
Figure 10 Approaches to expand the results of value network for development of co-operative movement

Conclusions and Recommendations

The main objectives of the research project on "The Development of Co-operative Movement for solving poverty problem in 36 Provinces" was to conduct the participatory action research to link the network of groups/organizations and co-operatives to solve the poverty problems.

The research was operated under the central coordinating team and the 36 provincial research teams of 300 persons. The work resulted in 117 networks of 872 organizations participated in the project. The network could be disaggregated into three types: **business network**, **Social Network/Area-Approach** and **Technical Network**.

Although all the networks were not value networks according to expectation, this was the first step towards worthy development of co-operative system which would assist in building cooperation power to develop co-operative movement and solve poverty problem in the co-operative way.

Due to the one-year time limitation of the project, its impact could not be fully assessed in all provinces. Nevertheless, empirical information obtained from the assessment in some provinces such as Phang-Nga, Pattani, Phuket and Udonthani Provinces indicated that there were impacts of the linking network on poverty reduction through

significantly reducing expenditure, increasing income and expanding opportunities to the members of groups/organizations/co-operatives. It is believed that this was the poverty problem solving method with systematic process that directed to the causes of poverty.

The knowledge from the research project indicated that with the sufficient weights given to the four components of the two dimensions, the network linking would result in the value network while the lack of sufficient weights of the relevant factors would result in networks with different characteristics. Nevertheless, with continuous supplementary support, the networks created could also be developed to be value networks.

The experiences obtained from this research work provided recommendations for approaches to expand the results of value network for development of co-operative movement and poverty solution in 4 strategies. They were: systematic building of co-operatives value/sufficiency economy to the nations; development of organization leaders at all level to recognize the co-operative values and to be aware of the importance of value network; development of co-operative power among groups/organizations/co-operatives; establishment of linking mechanism for inter-co-operatives and intra-co-operatives with the supply chains of goods and business to systematically return the benefits to the members. For approaches to address poverty, the research teams were quite confident that the value network was the process that systematically addressing the poverty that directed to the root of the problem at individual level. It was the process that the research team gave first priority to in building co-operative values to individuals/leaders so that they have co-operative awareness to generate power to sustainable solution.

Seven of research recommendations can be drawn from the project. First, a 1-2 year monitoring and evaluation system should be established for the networks created under the study of the network development project. Besides, a supplementary support to establish learning and exchange forum in the areas as well as coordination to ensure the direction of tangible benefits to the network parties should be continued. Second, the results of the

network operation should be expanded with the aim of the widespread and tangible impacts to the society. Third, Value Network under the supply chains of major economic crops and livestock should be expanded to develop fair trade systems. Fourth, learning and exchange forum among the value network researchers should be supported for continuous learning society development. This is considered as development of human capital as a mechanism for sustainable development. Fifth, lessons learned from the case studies of "value network" should be used to be examples and disseminated to the public as good practices in operation of value network to solve poverty and build peaceful society. Sixth, the weaving of linkage of the priests and co-operative work that has already started should be continued. Seventh, the knowledge should be used to benefit the 2nd Co-operative Development Plan which is being drafted to be direction framework for development of co-operative movement for the period of 2007-2011.