

# Developing Entrepreneur to Fairtrade System for Food Industry Group in Thailand

Kamonsak Suradom, Wichitra Pholyiem, Kanit Chaloejyanya  
King Mongkut's University of Technology North Bangkok, Bangkok, Thailand

Ulrike Baumöel  
Fern University in Hagen, Hagen, Germany

This research aims to develop and validate efficiency of competencies development by training program for fairtrade system. This report came from knowledge exchange between the researcher, fairtrade expertise, rice processor, training expertise, rice producer, HRD expertise, CEFE expertise in Thailand. Initially, the first result showed that the fairtrade system encouraging a group of producer or the organizations gained sustainable development in Thailand. The second result showed index of consistency of objective and topic, topic and scope of content, media and content, exercise and evaluation of training course. The third result showed risk assessment of rice producer and rice processor in Thailand. The forth result showed learning curve from try out of example group. This research found training course have significant efficiency. For the sample group we selected who have ready to develop fairtrade system. One in all participants who is the leader of social entrepreneur at Uthai Thani province located in the central area of Thailand. Her received FAO honours model farmer from Thailand in 2011. The next step from this process, the author prepare to training program to entrepreneur in Thailand.

*Keywords:* fairtrade, developing, entrepreneur, food industry in Thailand, HRD

## Introduction

Food industry has been very important in Thailand for a long time. At present, the agricultural area in Thailand is about 130,290,717 rai (20,846,514.72 hectares) from Thailand total area 320,696,888 rai (Office an Agriculture Economics, 2006) with the human resource in this field of about 15,261,569 person or 41.43% of the Thai labour (National Statistical Office, 2009). According to the data of world food export, EU has been the biggest food export during 2001-2006. In 2001, EU-27 is the biggest share in the world of 46.2% and 48.1% in 2006 while the U.S.A. shared only 12.6% in 2001 and 9.8% in 2006. For the value of food export from Thailand has been ranked in the top 10 in the world. But ratio of food export market share from Thailand that is decrease

---

Kamonsak Suradom, Doctoral Student, Doctor of Business Administration Program (Industrial Business and Human Resource Development), Faculty of Applied Arts, King Mongkut's University of Technology North Bangkok.

Wichitra Pholyiem, Associate Professor, MS, Faculty of Applied Science, King Mongkut's University of Technology North Bangkok.

Kanit Chaloejyanya, Associate Professor, Ph.D., Institute for Technical Education Development, King Mongkut's University of Technology North Bangkok.

Ulrike Baumöel, Professor, Ph.D., Faculty of Administration and Economics, Fern University in Hagen.

Correspondence concerning this article should be addressed to Mr. Kamonsak Suradom, Faculty of Applied Arts, King Mongkut's University of Technology North Bangkok, Thailand. 1518 Pibolsongkram Road Wongsawang Bangsue, Bangkok 10800 Thailand. E-mail: kamonsak.lek@gmail.com.

from 2001 of 2.6 percent to 2006 of 2.2%. That's represent competitiveness of food sector in Thailand. Whatever, such as Vietnam, China, India, Brazil, and Indonesia are developing countries but represent to increasing ratios as show in Table 1.

Table 1

*World Food Export From 2001 to 2006*

No.	World/Country	2001	2002	2003	2004	2005	2006	Ratio 2001 (%)	Ratio 2006 (%)
	World	394,020	419,700	494,282	565,663	611,923	674,284	100	100
1	EU-27	182,151	198,782	243,421	278,255	296,651	324,215	46.2	48.1
2	U.S.A.	49,835	50,263	55,499	57,421	59,762	66,740	12.6	9.9
3	Canada	17,655	17,218	19,235	22,598	23,075	25,428	4.5	3.8
4	Brazil	15,170	15,956	19,967	26,020	29,468	34,147	3.9	5.1
5	China	13,935	15,815	18,926	20,483	24,363	28,016	3.5	4.2
6	Australia	12,539	12,902	12,277	17,300	16,528	17,274	3.2	2.6
7	Argentina	11,634	11,602	14,542	16,378	18,434	20,503	3.0	3.0
8	Thailand	10,074	10,020	11,477	12,583	13,000	15,038	2.6	2.2
9	Mexico	7,506	7,713	8,556	9,766	11,037	12,785	1.9	1.9
10	New Zealand	6,476	6,679	7,750	9,749	10,688	10,874	1.6	1.6
11	India	5,687	5,923	6,242	7,599	8,830	10,409	1.4	1.5
12	Malaysia	4,756	6,354	8,225	9,208	8,865	10,086	1.2	1.5
13	Indonesia	4,646	6,204	6,631	8,356	9,496	11,177	1.2	1.7
14	Chile	4,597	4,861	5,532	6,605	7,542	8,660	1.2	1.3
15	Vietnam	2,660	2,947	3,543	4,168	5,034	6,335	0.7	0.9
16	Other	44,689	46,461	52,459	59,183	69,150	72,957	11.3	10.8

Note. Source: National Food Institute (2009).

Thailand had export food total value in 2003 of 474,846 million Baht, 511,726 and 520,055 million Baht in 2004-2005, in 2006 of 563,958 million Baht and in 2007 of 617,620 million Baht (National Food Institute, 2009) The highest of food export from Thailand we can separate from five groups such as rice, sugar and honey, meat products, seafood products, and fruits. For information of five group estimate 74.1% of total Thai food exports (see Figure 1).

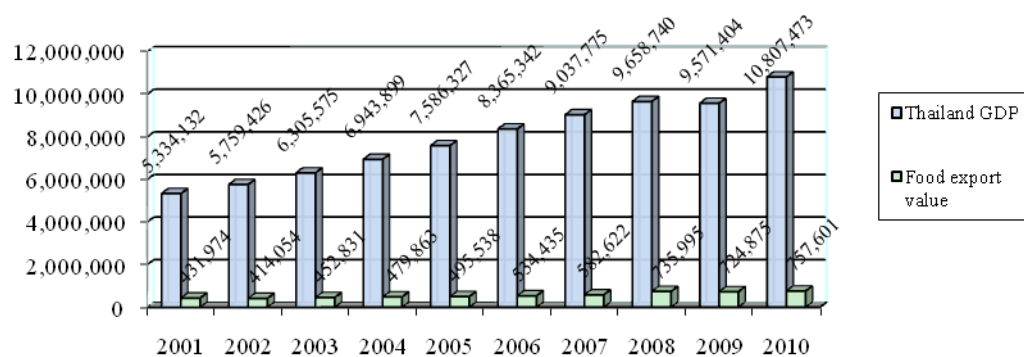


Figure 1. Thailand GDP and Thailand food export value during 2001-2010 (Unit: Million Baht). Source: Thailand food export from Bank of Thailand and GDP from Office of the National Economic and Social Development Board, Office of the Prime Minister.

For Thai food export value comparative with Thailand GDP, it was found that the ratio of food export was estimate 10% of the GDP. In 2003, Thailand had the GDP of 5,917,369 million Baht and food export of 474,846 million Baht, for 2004, GDP of 6,489,476 and food export of 511,726 million Baht, as for 2005 GDP of 7,092,893 million Baht and food export of 520,055 million Baht, for 2006-2007, GDP of 7,841,297 million Baht and 8,493,311 million Baht in order (National Service Office, 2009) and export food of 563,958 and 617,620 million Baht in order (see Figure 2).

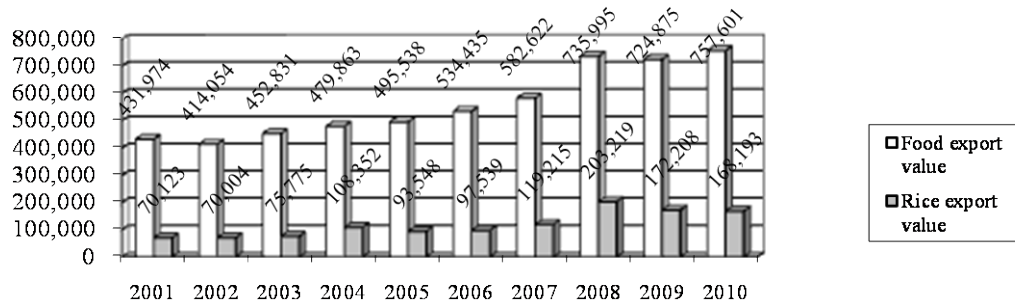


Figure 2. Comparative food export value from Thailand and Thai rice export value during 2001-2010 (tMillion Bah: tUnit). Source: Thailand food export from Bank of Thailand and Thai rice export value 2002-2010 from Statistical Forecasting Bureau, National Statistical Office and 2001 from office of Agricultural Economics Ministry of Agriculture and Cooperatives.

### Problem Statement

In the various dimensions in economic which have an impact on the producer, processor, exporter of Thai rice. Stakeholder is to be adapted to achieve better results in the long run. For example, the producer has the Good Agricultural Practice (GAP) certified but they are not sell products at different price from normal producer. This is may be non-fair for producer who had hold GAP certificate.

Alternative trade that is interesting for implement to food industry in Thailand. After the authors finish study information from 15 kind of alternative trade brand. Fairtrade is very important to sustainable development with three pillars such as economic, social, and environmental development (FLO, 2007). Thus, the fairtrade system has become to be a new business tool to help the rice producers to improve performance better than before. For in Thailand rice sector, which have more than 16 million people and five million households. For a long time, Thai culture known about farmer is “core of Thailand”, but right now everything of traditional trade cannot prove them (small producers) look like alternative trade. Exactly fair-trade platform have three pillars that can evaluate in all stakeholder under transparency working. From literature review, the fairtrade system consists of four rules and related to four topics (Griffiths, 2011):

- (1) Pay the minimum price set by fairtrade labeling organization international;
- (2) Pay a premium price;
- (3) Provide credit for pre-financing so that fairtrade cooperative can pay cash on delivery;
- (4) Enter into a long-term contract.

### Objective Research

To develop and find the efficiency of the training package on fairtrade system for Thai food industry.

## **Research Design**

### **Research Framework**

Research design quantitative and qualitative method, and human resource development use learning paradigm theory press in outcome learning perspective. The authors designed qualitative method with an attempt for understands about naturally of food entrepreneur specific in Thai rice supply chain. Also, small producer, small processor, and distributors can give their information by opinion, interview and focus group discussion. For quantitative research consists of 14 processes as follows:

(1) Published data and field data survey and analysis related to topic of food industry specific in rice industry in Thailand.

(2) Compiling data and synthesis data from (1).

(3) We have a meeting by focus group discussion with entrepreneur who received fairtrade certify from Fairtrade Labeling Organization International (FLO) and representative of rice processor.

(4) Outcome from (2) to (3) analyst and design training course to fairtrade system for food industry in Thailand.

(5) Focus group discussion with specialists from rice product, agriculture co-operative, training and development, agriculture products, human resource development and fairtrade.

(6) Working thesis and study visit at Fern University in Hagen, Germany.

(7) Developing training course on the topic “Developing entrepreneur to fairtrade system for food industry group in Thailand”.

(8) Evaluation Index of consistency (IOC) from four times (four processes):

- Specialist’s evaluation IOC between topic and objective, amount six specialists from rice, agriculture, HRD, training, fairtrade, and rice product;
- Specialist’s evaluation IOC between topic and content’s scope, amount five specialist from rice, agriculture, training, fairtrade, and rice product;
- Specialist’s evaluation IOC between media and content, amount five specialist from education, international marketing, agricultural economics, and fairtrade;
- Specialist’s evaluation IOC between evaluation and objective, amount five specialist from rice, EU commercial (Ministry of Commerce), HRD, training, fairtrade, and rice product.

(9) Training course to tryout group (10 entrepreneurs)—This is the process in this paper.

(10) Adjust the course from training course from (9).

(11) Advertising training course at KMUTNB, rice department ministry of agriculture and cooperative and after process to selected participant who is entrepreneurship amount 30 persons.

(12) Training course “developing entrepreneur to fairtrade system for food industry group in Thailand” to food entrepreneur who selected from (11).

(13) Synthesis data (qualitative and quantitative) from (12).

(14) Take standard training course on the topic “developing entrepreneur to fairtrade system for food industry group in Thailand”.

## **Research Finding**

(1) The reason of agriculture and food sector is hiring labour for most of the country, food security in the

breeding population. And Thailand was the large food exporter country in the top 10 in the world. Today, Thailand had many factor from internal and external issue linked to impact to small producer such as ASEAN Free Trade Area (AFTA), The Country who developed infrastructure and change to rice competitor, finally most of area are not prepare about “value creation” that mean high risk impact on rice industry from reduce tax to 0% after AFTA full agreement. However, fairtrade is the best practice for learning of small producer, processor, and distributor. All reason of the best practice of them must understand about “trust in all level” (see Figure 3).

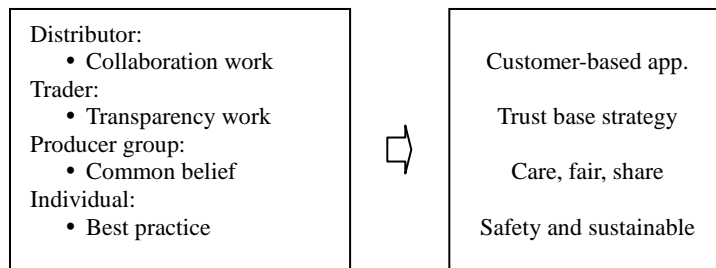


Figure 3. Linkage of collaboration work.

(2) In Thailand, there have a lot of value network from the co-operative such as 2011 total 7,837 co-operatives and of 4,361 is agricultural co-operatives (Cooperative Promotion Department, 2011a) or more than 10.563 million people and estimate 60% of total of people in agricultural co-operatives group or 6.413 million (Cooperative Promotion Department, 2011b). These are nation capital with a big social network, if some organization will to change to fairtrade which mean that they can apply for legal approach from traditional system to management approach (see Figure 4).

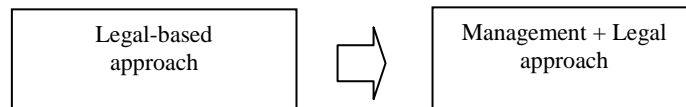


Figure 4. Agriculture Co-op change to new management method.

(3) Rice producer in Thailand has a paradigm for four times. Next picture, about in x-exist represent rice producer in Thailand have a level of capitalism to be necessary collaboration work for sustainable development. For y-exist represent about level of wellness in work place or producer farming (see Figure 5).

Wellness	<ul style="list-style-type: none"> <li>• Labour intensive</li> <li>• Traditional production</li> </ul>	<ul style="list-style-type: none"> <li>• Access to capital</li> <li>• Increasing products</li> </ul>
	<ul style="list-style-type: none"> <li>• Rice industry change.</li> <li>• Less of technology</li> </ul>	<ul style="list-style-type: none"> <li>• Policy change</li> <li>• Global crisis</li> <li>• En. impacts</li> </ul>
	Capitalism	

Figure 5. Thai rice producer metric; Rice industrial change that mean time of increasing productivity; En. Impact that mean environmental impact to production and labour.

(4) Training course design the content for four parts. Firstly, situation of Thai rice in world market and standard of Thai rice producer have 11 behavioral objectives from 11 topics. Secondly fundamental of fairtrade and producer prepare to fairtrade system have nine behavioral objectives from nine topics. Thirdly readiness for

communication in fairtrade system has six behavioral objectives from six topic. And finally, the project planning, implementing, and evaluating have four behavioral objectives from four topics. For course description and results from the participants.

This research had total 20 specialists for evaluate in four times (8.1), (8.2), (8.3), and (8.4). The results from specialists that is very interesting because out come from Index of Consistencies (IOC) in all item have significant. All specialists accepted all the topics, objective, contents, the method of evaluation, paper from media, and time of training course. Somebody introduce training course may be call integrated training course and important for development to entrepreneur in Thailand.

(5) The results test from sampling group when the authors prepared to try out at TAK province, Northern in Thailand. This area is near Myanmar and high risk for rice move to here after 2015 (AFTA). But in the sampling where have the high human capital such as the cost of rice production mean less than average in central area of 100%-500%. However, outcome from pre-test the authors met every item in four body of knowledge from training course which are very important to them for develop to the future.

For this group, the authors used knowledge management's tool for training to small producer (four days). Farmer is consists of 10 person and average area of 6.5 rai (estimate 1.04 hectare). The talk cannot take a subsidy from government policy because where are so far from rice mill estimate distance around 44 kilometers. This is a case of non-fair for logistics cost that responsible by them.

The results trained from tryout in this group at Tak province. The authors had new experience for change them. For example, sometime, the authors saw passion from them which changed from traditional trade to alternative trade. But also it is very difficult for them to have a chance because they have a little bit of capital for business running. We can also talk about dream and vision but scare of collaborative working network that mean "they wanted leader more that leader".

(6) Outcome from training to tryout group. The authors connected to co-ordination of Kao Dao-Ruang rice brand. This is a rice processor by organic which is very popular in central Thailand area. Prapaise mankatekirt is the leader who received FAO honours award in 2011 (Food and Agricultural of the United Nations, 2011). She selected participants for training course amount 10 persons and average area is 40 Rai or 6.40 hectare/family. Training started from April 21th to 24th, 2012, at Kao Dau-Ruang Community Rice Mill (30 Moo 9 Nong Waen village, Tayang Sub-District, Sawang Arom District, Uthai Thani Province).

For implement training course content which need consists of four parts for four days (April 21st-24st, 2012). Firstly, situation of Thai rice in world market and standard of Thai rice producer have 11 behavioral objectives from 11 topics. Secondly, fundamental of fairtrade and producer prepare to fairtrade system have nine behavioral objectives from nine topics. Thirdly, readiness for communication in fairtrade system has six behavioral objectives from six topics. And Finally, The project planning, implementing, and evaluating have four behavioral objectives from four topics. For the results test in part 1-part 4 participants evaluate by them self, before and after training in a part participant evaluation understand by score: 5 mean most, 4 mean good, 3 mean medium, 2 mean fair, and 1 mean least.

Part 1: Situation of Thai rice in world market and standard of Thai rice producer (see Figure 6).

- (1) Production, consumer and Thai rice in the world market (1999-2009).
- (2) Overall of production, export, consumption, and situation of Thai rice.
- (3) Thai rice market in Thailand. Study about consumption such as trend of kg./person.
- (4) Linked between Thai rice and external factor that is impact to producer or Thai rice.

- (5) Competitor, competitiveness of Thai rice in current such as Vietnam, India, and Myanmar.
- (6) Basic requirement of Good Agricultural Practice (GAP).
- (7) Basic concept of GLOBAL Good Agricultural Practice (GLOBALGAP).
- (8) Basic requirement of organic Thailand standard.
- (9) Basic concept of Good Manufacturing Practice (GMP).
- (10) Basic concept of Hazard Analysis and Critical Control Point. (HACCP).
- (11) Fundamental requirement of ISO 22000.

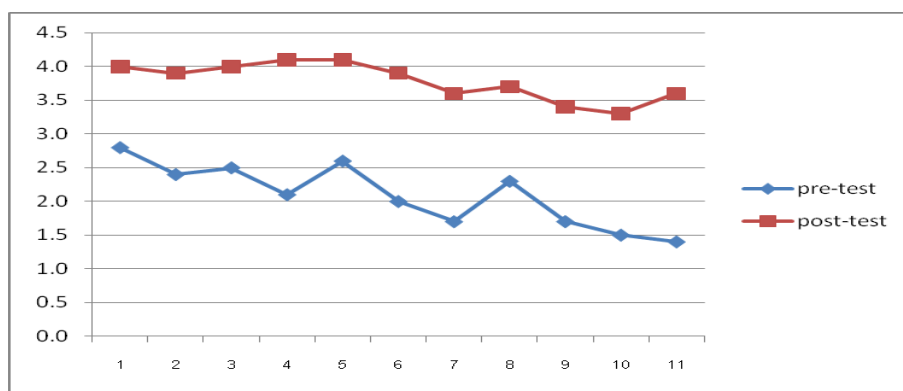


Figure 6. Learning graph of participants from part 1.

Learning outcome from part 1:

They learnt about situation of Thai rice market conditions and trend of Thai rice export, Traditional trade and alternative trade of Thai rice, quality of Thai rice such as fundamental of GAP, GMP, HACCP, and Organic Thailand, case study show how to success by themselves in the long term, global rice production, market, and world stock and included Thai rice demand in Thailand.

Part 2: Fundamental of fairtrade and producer prepare to fairtrade system (see Figure 7)

- (12) Learning about economic development in fairtrade system.
- (13) Learning about social development in fairtrade system.
- (14) Learning about environmental development in fairtrade system.
- (15) International labour law in Thailand and ILO related to fairtrade system.
- (16) Summarized about Thai rice competitiveness and competitor.
- (17) Comparative between international labour law related to fairtrade and Thai farmer culture.
- (18) Comparative Thai rice producer who is certified some standard and how to success to fairtrade.
- (19) Comparative Thai rice processor (semi-process) who is certified some standard and how to success to fairtrade.
- (20) Learning by doing with SWOT Analysis.

Learning outcome from part 2:

They learnt about fundamental of fairtrade such as three pillars development of fairtrade, minimum price, and fairtrade premium, collaboration work and global citizen duties under sustainable development, transparency working concept, fairtrade system can reducing green house emission gas from rice production and how to success from case study of fairtrade in Thailand.

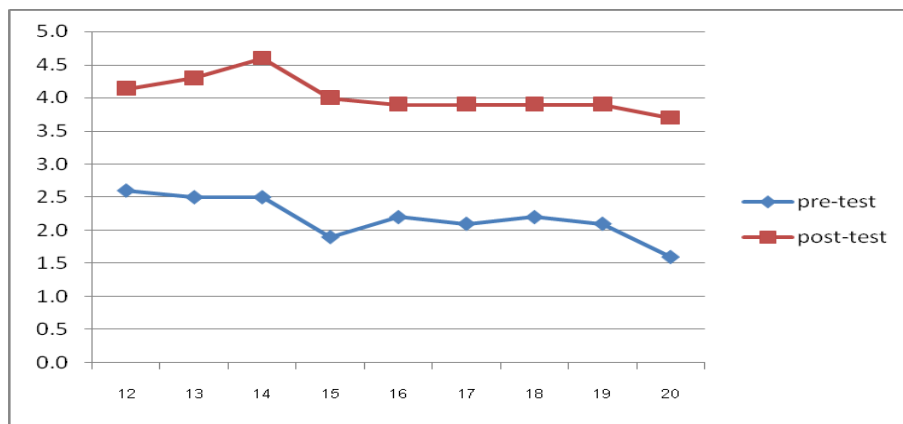


Figure 7. Learning graph of participants from part 2.

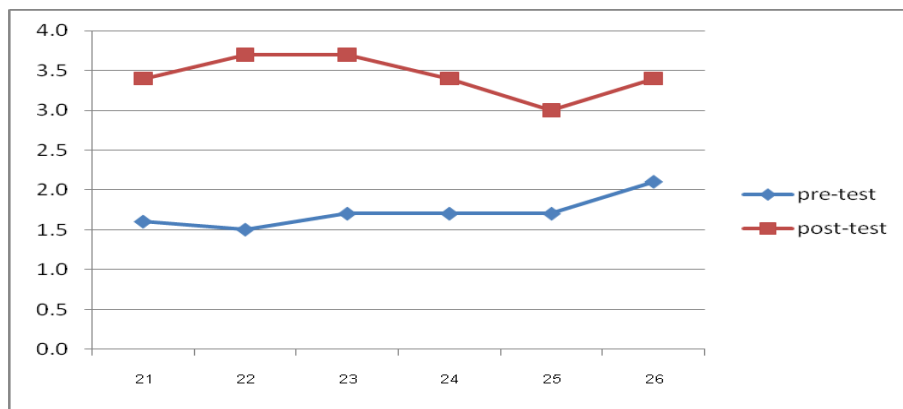


Figure 8. Learning graph of participants from part 3.

Part 3: Readiness for communication in fairtrade system (see Figure 8).

- (21) How producer have access to information about fairtrade on the website?
- (22) The context of ASIAN fairtrade movement.
- (23) The fundamental of business letter.
- (24) How to create electronic-mail (e-mail) account.
- (25) The important of social network in fairtrade network.
- (26) Prepare the document for apply to fairtrade.

Learning outcome from part 3:

They learnt about how can have access to fairtrade information from website, electronic-mail, social network that study by learning by doing and fundamental of business letter.

Part 4: The project planning, implementing, and evaluating (see Figure 9).

- (27) Analysis data of small producer who have fairtrade certified in Thailand.
- (28) The fundamental of project planning.
- (29) Discussion about project by small group activity.
- (30) Project presentation and discussion with participants.

Learning outcome from part 4:

They learnt about fundamental of project, SWOT analysis, technique for project presentation, and collaboration work in class.

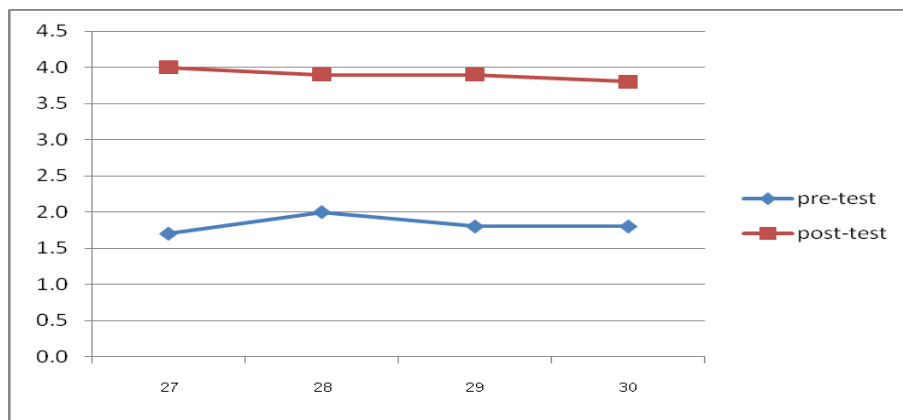


Figure 9. Learning graph of participants from part 4.

### Conclusions

After finish training course all participants accepted that training course is very important for them to running business. The authors can prove from them with score test with increasing significant. Pre-test score for the first part had average 48.15 up to 67.28 percent. In the section 2 which had an average score of 46.09 up to 90.63 percent. In section 3, teacher used learning by doing that exam when finish lesson took average score 85.71 percent. Finally in section 4, the pre-test score 53.7 up to 85.19. All participants told to authors will apply knowledge from training course to planning them business. However, the score test in satisfaction of 10 perspective participants' amount 77 percent answer "excellent" and 23 percent answer "good". The results match for suggestion from ThaiEurope.net that is website support by Thai government introduce for develop producer to fairtrade certify more than the present (ThaiEurope.net, 2009).

The reality of Agriculture in Thailand has two natures. Firstly, small producer or estimate average area per family less than 20 rai or less than 3.2 hectares. Secondly, all area is rained agriculture estimate 29 million rai or 22 percent of agricultural total area at 133 million rai or 21.28 million hectares (Dalodom, 2006). This is the cause why knowledge is necessary to change because today in Thailand had rice GAP certified between 2007-2010 amount 47,037 producers across area (Rattikarn, 2011). These like social capital waiting for develop to higher standard more than current.

However, Thailand had many factors that may be impact on agriculture and food sector such as Free Trade Area (FTA), ASEAN Economic Community (AEC) issue. Both will start since 2015 if some country increase stability of sustainable development system in the area that mean prepare by "sustainable development" for new generation that is interesting.

### References

- Cooperative Promotion Department, Minister of Agriculture and Cooperatives. (2011a). *Amount of Cooperatives in Thailand: 2011*. Retrieved from [http://www.cpd.go.th/cpd/cpdinter/download/data/54stat\\_/131054/54table1chart.1pdf](http://www.cpd.go.th/cpd/cpdinter/download/data/54stat_/131054/54table1chart.1pdf)
- Cooperative Promotion Department, Minister of Agriculture and Cooperatives. (2011b). *Amount of cooperatives member in Thailand: 2011*. Retrieved from [http://www.cpd.go.th/cpd/cpdinter/download/data54/stat\\_54/131054/table3-4.pdf](http://www.cpd.go.th/cpd/cpdinter/download/data54/stat_54/131054/table3-4.pdf)
- Dalodom, A. (2006). *Memory for 45 years in Agriculture* (pp. 17-19). Bangkok Thailand.
- Fairtrade Labeling Organization International. (2011). *Generic standard*. Retrieved from [http://www.fairtrade.net/generic\\_standards0.html](http://www.fairtrade.net/generic_standards0.html)
- Griffiths, P. (2011). Ethical objection. *Bus Ethic Springer Science + Business Media* (p. 4).

Khamsuri C. (2007). Export trend. *Food Journal of Thailand*, 54, 51-53.

National Food Institute, Ministry of Industry. (2009). Retrieved from <http://fic.nfi.or.th/statistics/index.asp>

National Service Office, Ministry of Information and Communication Technology. (2009). *Agriculture land in Thailand 2009*. Retrieved from [http://service.nso.go.th/nso/nso.../00\\_0101200\\_2550\\_000\\_000000\\_00400.xls](http://service.nso.go.th/nso/nso.../00_0101200_2550_000_000000_00400.xls)

National Statistical Office, Ministry of Information and Communication Technology. (2009). *Thailand Labour statistic 2001-2006*. Retrieved from <http://service.nso.go.th/nso/thailand/dataFile/02-b/J02W/th/0.htm>

Office an Agriculture Economics, Ministry of Agriculture and Cooperatives. (2006). *Land use for agriculture in Thailand and national sector province in 2006*. Retrieved from [http://www.oae.go.th/download/article/article\\_20090417181149html](http://www.oae.go.th/download/article/article_20090417181149html)

Rattikarn, W. (2011). Situation of GAP certified in Thailand. *Rice GAP news* (p. 4).

Regional Office for Asia and the Pacific, Food and Agricultural of the United Nations. (2011). *FAO honours model farmer from Thailand 2011*. Retrieved from [http://www.fao.org/asiapacific/rap/home/news/detail/en/?no\\_cache=1&news\\_uid=93077](http://www.fao.org/asiapacific/rap/home/news/detail/en/?no_cache=1&news_uid=93077)

Swanson, R. A., Elwood, F., & Holton, E. D. (2001). *Fundamental of human resource development* (p. 129). San Francisco: Berret-Koehler Publishers.

ThaiEurope.net. (2009). *Fairtrade trade mark and threat for market development in EU market*. Retrieved from <http://news.thaieurope.net/content/view//211/3340>