

# FACTORS AFFECTING ON FIRM SUCCESS: A CASE STUDY OF SOCIAL ENTERPRISE IN THAILAND.

Theppatat Anontaseeha<sup>1</sup> and Chattawat Limpsurapong<sup>2</sup>

<sup>1</sup>Graduate Student of Kasetsart University, Thailand

E-Mail: tin.driftking@gmail.com

<sup>2</sup>Department of Business Management, Faculty of Liberal Arts and Management Science, Kasetsart University, Thailand

E-Mail: chattawat2511@hotmail.com

## ABSTRACT

The research aimed to examine: 1) the internal organization factors effecting related to social enterprise in Thailand 2) the external organization factors effecting related to social enterprise in Thailand 3) the factors of social enterprise effecting related to firm performance. Independent variables are the internal organization factors, the external organization factors and social enterprises. Dependent variable is firm performance. The samples were 170 from juristic companies: production type, in Sakon Nakhon Province, Thailand. The data were collected using a questionnaire, and analyzed using statistical tools including frequency, percentage, average, standard deviation, Pearson's correlation, and multiple regression analysis.

The research found that the internal organization factor as human resource management was positively related to social enterprise. In contrast, the external organization factors were unrelated to social enterprise. Social enterprise as environmentally friendly was positively related to firm performance. Therefore, the successful social enterprises; the entrepreneurs focus on human resource management such as planning the number of employees per appropriate workload, giving a probation period for new employee, determining the qualifications of employee for suitable positions and providing regular training for employees. In addition, being environmentally friendly also affects the performance of social enterprises. The enterprises are aware of environmental preservation for employees such as stopping toxic waste to the ecosystem, using environmentally friendly packaging and waste management.

**Keywords** - Internal organization factors, External organization factors, Social enterprise, Firm performance

## INTRODUCTION

Around the world today, public and private organizations, including non-profit organizations (NGOs), are increasingly aware of social and environmental issues, as can be seen through various campaigning and social responsibility activities. More because doing traditional business aimed at only seeking maximum profits That cannot solve social problems And the environment worse than that also increased the severity of the problem not in line with the concept of sustainable development that focuses on all-round development and also taking into account the future generations as well The concept of social enterprise has arisen in order to solve the said problem because of it is a business operation that covers economic, social, and environmental simultaneously.

The trend of increasing social enterprise continuously can be seen from the increase in the amount of capital. Introduced Organizations that are carrying out activities related to returning benefits to society and the environment in the year 2012-2014 that is up to 61%

worldwide. The growth trend is found mainly in North America, Europe and Asia, with the dominant social enterprise in Europe is the United Kingdom. Which has the characteristics of a social enterprise that has government sectors to support and drive which has a foundation from the founding of farmers Is a social enterprise to solve problems of income or being exploited in society in the United States, the private sector is the main driver for social enterprise development. Without government intervention and having the same foundation from the organization non-profit that adapts itself to do business in order to generate income and help solve social problems at the same time (Kosol Ditham,) [1]. In addition, Asia finds that Bangladesh and Taiwan are two countries that have operations outstanding social enterprise by Bangladesh is a country of origin and has good practices for social enterprise. Social enterprise in Bangladesh is also directly influenced by the United States, with the private sector as a major contributor to social enterprise development (Hackett,). [2]

In Thailand, the concept of doing social enterprise has just received attention and has begun to talk about more in the last few years. However, the concept of enterprise operations in Thailand there are yards that look like a business or social enterprise but found that social enterprise operations in Thailand is unclear resulting in delayed growth the obstacles to growth are the lack of effective support from the government. Lack of management and marketing knowledge lack of initial capital for business operations lack of knowledge about social innovation processes and social enterprise operations, lack of professional community networks and cannot access and find ways to enter the market etc. (Office of Social Enterprise Development) [3] (Secretariat of the House of Representatives, National Reform Council,) [4]

From the problems of social enterprise growth in Thailand mentioned above the researcher has foreseen the problems of social enterprise operations in Thailand that are unclear and ineffective in supporting both inside and outside the organization. Therefore, there is a question of research on what factors can affect the success of social enterprise operations in Thailand. In addition, there is still little research on social enterprise operations in Thailand. Therefore, it is the source of research studies.

## **LITERATURE REVIEW**

### **Internal organization factors**

Steers and Porter [5] proposed the preliminary factor model and the effect of attachment to the organization that work environment is a factor that influences organizational commitment and can be divided into 3 types which are

1. Personal Characteristics such as age, education, opportunity to succeed
2. Job Characteristics, such as job challenges social interaction opportunities, feedback on work
3. Work Experiences such as the group's attitude towards the organization trust in the organization.

All of these factors are related to each other and has an influence on organizational commitment. At the same time, attachment to the organization has an impact or influence on the desire to be in the organization. Intention to stay in the organization work intention maintaining employees.

### **External organization factors**

Cameron and Green [6] addresses the factors that have caused the change: External factors that affect when changing strategy. The structure and culture of the organization today to be adjusted. Appropriate for the situation which the changes will affect the changes

1. Economic conditions affecting human resource management in the organization is if the economy is not good, causing the organization to reduce the number of personnel reduce production. On the other hand, if the economy is good, the organization will increase production of products and services. Causing more missions and more personnel.

2. Competitors have an impact on the marketing strategy change. In finding new customers to increase market share and market growth and may cause mergers and acquisitions.

3. Technology technological changes have a major impact on activities. Of the organization causing the organization to change the production system to create a competitive advantage and affecting human resource management.

4. Politics and law changes in policies and laws result in organizations having to change policies. Resulting in the organization having to change its work policy management system. Which must have a way to change quickly and cause the least conflicts.

5. Society and population changing values in consumer products. The organization must change the production system. Characteristics of products and services to meet the needs, changes in population structure, affecting product model change, and sales and marketing strategies.

### **Social Enterprise**

Lewis et al. [7] states that social enterprise refers to an organization, organization, group of enterprises, communities, business groups or for-profit or non-profit. Either from government, society, or private sector that operate in a business with the primary goal to create value for society (Social Impact) such as problem solving and community development. Society or environment. By not only focusing on creating profits or the wealth of owners and shareholders.

Phiphatpong itsarasena na ayutthaya [8] states that business practices are based on fairness to four parties: 1. Employees must be well he therefore will help others. 2. Be fair to farmers or suppliers such as tomatoes. The market buys from farmers for 3 baht per kilogram. Doi Kham purchases 3.20 baht, meaning that agriculture must deliver quality products only. Which is considered to be a way to teach farmers to be honest must deliver quality products to Doi Kham With Doi Kham, a team that went down to teach and encourage farmers to know about modern agriculture and exquisite agriculture. In order to create good quality products at the same time as well. 3. Fair to consumers Doi Kham products meet international standards at a tangible price, and 4. fair to the environment

Sanit Nunil [9] said that successful social enterprise as follows Doi Tung Development Project before 1988, Doi Tung, Chiang Rai Province. The condition is a bald forest. There is a problem of ethnic minority forces controlling opium transportation routes and do not receive social rights or basic utilities, causing people in the Doi Tung area to encroach on forest leave. Shifting cultivation and sustained by mainly opium cultivation but still not having enough income. Therefore, established the Doi Tung Development Project founded in 1988, creating a wide range of jobs and career opportunities. So that the villagers can be self-reliant Doi Tung brand adds value by processing the design according to the market demand and quality control to meet standards has generated social and economic compensation for more than 10,000 Doi Tung people, with an average income per head of 10 times between 1988 - 2007. Education and public health access to Doi Tung and get the forest back completely.

## Firm performance

Peterson and Plowman [10] summarizes the 4 components of operational efficiency as follows

1. Quality of work (Quality) is the work that must be of high quality. By which the manufacturers and users use the benefits worthwhile and are satisfied. Which results from work must be accurate standard and fast. In addition, quality work should affect the interests of the organization and create satisfaction for customers who use the service.

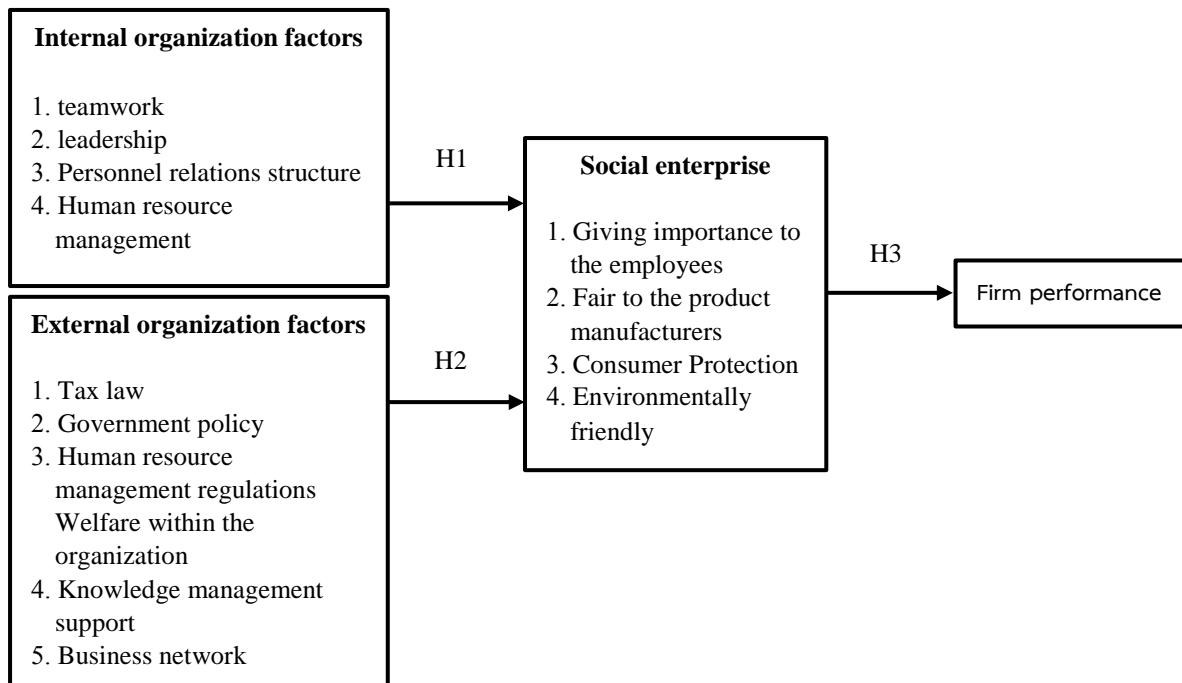
2. Quantity (Quantity) is the amount of work that must be done according to the goals of the organization. The result of work must have an appropriate amount as specified in the plans or goals of the organization. Other than this, there should be planning time management in order to get the workload according to the target set.

3. Time (Time) is the time spent on various activities must be suitable for modern work and correct according to rules. By developing techniques to work more conveniently and quickly.

4. Cost (Cost) is to do activities must be suitable for the job, which is a low investment and high profits. With efficiency in costs or production costs which are use of financial resources human resources, raw materials, and technology that are cost-effective and reduce waste production to a minimum.

## CONCEPTUAL MODEL AND HYPOTHESES

From reviewing theories and related research. The researcher makes the assumptions for the research as follows



## HYPOTHESES

- H1: Internal organization factors had a significantly positive influenced on Social enterprise  
H2: External organization factors had a significantly positive influenced on Social enterprise  
H3: Social enterprise had a significantly positive influenced on Firm performance

## RESEARCH METHODOLOGY

The target population used in this research is 170 small and medium-sized enterprises (SMEs) in production in Sakon Nakhon province. The population used in this research is small and medium-sized enterprises (SMEs). (SMEs) in production in Sakon Nakhon Province, consisting of 170 sets, which the researcher determined the sample size. According to the purposive sampling, an analysis of 170 small and medium-sized enterprises (SMEs) in the production, commercial registration of juristic persons in Sakon Nakhon Province. (Schumacker and Lomax) [11] has proposed. Suggest the size of the sample should be between 100 - 200 people and to find confidence (Reliability) by using the Cronbach's Coefficient Alpha coefficient, which (Hair et al.) [12] explains that the confidence. Which is greater than 0.60 is considered acceptable as shown in the table 1 as follows

**Table 1**  
**Result of measure validation**

Items	Cronbach's Alpha
1. Internal organization factors	
1.1 teamwork	.768
1.2 leadership	.621
1.3 personnel relations structure	.631
1.4 Human resource management	.834
2. External organization factors	
2.1 Tax law	.793
2.2 Government policy	.939
2.3 Human resource management regulations, Welfare within the organization	.789
2.4 Knowledge management support	.805
2.5 Business network	.889
3. Social Enterprise	
3.1 Giving importance to the employees	.794
3.2 Fair to the product manufacturers	.898
3.3 Consumer Protection	.728
3.4 Environmentally friendly	.871
4. Firm performance	.860

## RESULTS

### The descriptive statistics

Research on factors affecting business success: a case study of social enterprise in Thailand found that most of the respondents are 103 males, accounting for 60.6% and males 67 females, representing 39.4%. The majority of the respondents are in the range of 35-40

years, 104 persons, representing 61.2%, followed by came in the age range 41 - 45 years, 66 people, representing 38.8%, marital status is 170 people, representing 100%, most education level is bachelor, 164 people, accounting for 96.5%, followed by degree. There are 6 masters, accounting for 3.5%, 10 - 11 years of work experience, 101 people or 59.4%, followed by 58 - 5-10 years of working experience, accounting for 34.1% and over 15 years of work experience. 11 people, representing 6.5 percent. Average monthly income is 30,001 - 45,000 baht, of 80 people, accounting for 47.1 percent. Followed by incomes below 30,000 baht, 78 people, representing 45.9 percent, earn 45,001-60,000 baht. 6 people, representing 3.5 percent And have an income higher than 60,000 baht, of 6 people, representing 3.5 percent

### Hypothesis testing

In this research. The researcher analyzed Correlation Analysis to find the relationship between the translator and multiple regression analysis to test the hypothesis.

Therefore, to make it easier to remember when testing hypotheses. The researcher has defined abbreviations for the following variables

- IO1 - Teamwork
- IO2 - Leadership
- IO3 - Personnel Relations Structure
- IO4 - Human Resource Management
- EO1 - Tax Law
- EO2 - Government policy
- EO3 - Regulations for Human Resource Management Welfare within the organization
- EO4 - Knowledge Management Support
- EO5 - Business Networking
- SE1 - Give importance to employees
- SE2 - Fairness to manufacturers
- SE3 - Consumer protection
- SE4 - Environmentally Friendly
- P - Firm performance

**Table 2**  
**Correlation Analysis between Independent variables**  
Hypothesis 1: Internal organization factors influence Social enterprise.

	IO1	IO2	IO3	IO4	SE1	SE2	SE3	SE4
$\bar{x}$	4.38	4.26	4.49	4.50	4.51	4.53	4.50	4.26
S.D.	0.36	0.35	0.42	0.46	0.41	0.51	0.43	0.55
IO1	1							
IO2	.751**	1						
IO3	.767**	.757**	1					
IO4	.753**	.702**	.771**	1				
SE1	.744**	.733**	.754**	.774**	1			
SE2	.649**	.595**	.743**	.881**	.660**	1		
SE3	.605**	.629**	.704**	.787**	.720**	.920**	1	
SE4	.654**	.618**	.774**	.789**	.714**	.778**	.713**	1

Notation: \*\* P < 0.01

Correlation Analysis, which can explain the relationship between co-variables (Hair et al.) [12], explains that the co-relationship between independent variables should not exceed .80. If exceeding .80, speculated that may occur Multicollinearity. Therefore, from the research, it is found that the relationship between the initial variables has the highest value of .771 which is less than .80 is considered to not occur Multicollinearity.

### Hypothesis 2: External factors influencing Social enterprise

	EO1	EO2	EO3	EO4	EO5	SE1	SE2	SE3	SE4
$\bar{x}$	4.67	4.74	4.17	4.15	4.64	4.51	4.53	4.50	4.26
S.D.	0.41	0.42	0.44	0.42	0.40	0.41	0.51	0.43	0.55
EO1	1								
EO2	.739**	1							
EO3	.656**	.734**	1						
EO4	.728**	.819**	.808**	1					
EO5	.788**	.894**	.789**	.818**	1				
SE1	.663**	.772**	.778**	.776**	.874**	1			
SE2	.747**	.781**	.731**	.772**	.803**	.660**	1		
SE3	.715**	.784**	.754**	.738**	.821**	.720**	.920**	1	
SE4	.665**	.791**	.724**	.843**	.730**	.714**	.778**	.713**	1

Notation: \*\* P < 0.01

The relationship between independent variables exceeds .80, which, if exceeded .80, is presumed to occur. Multicollinearity (Hair et al.) [12], therefore tested with a Variance Inflation Factor (VIF), the highest of 7.151, the lowest at 2.882 - no more than 10, no Multicollinearity (Ghozali) [13].

### Hypothesis 3 Social Enterprise influencing Firm performance

	SE1	SE2	SE3	SE4	P
$\bar{x}$	4.51	4.53	4.50	4.26	4.59
S.D.	0.41	0.51	0.43	0.55	0.36
SE1	1				
SE2	.660**	1			
SE3	.720**	.620**	1		
SE4	.714**	.778**	.713**	1	
P	.666**	.661**	.708**	.741**	1

\*\* P < 0.01

From the research, it is found that the relationship between the initial variables has the highest value of .778 which is less than .80 is considered to not occur Multicollinearity.

**Table 3**  
**Results of Multiple Regression Analysis**

Variable	Dependent Variable			
	SEAll		P	
	$\beta$	S.E.	$\beta$	S.E.
IO1	-.066	.164		
IO2	.030	.161		
IO3	.268	.148		
IO4	.779*	.124		
EO1	.101	.128		
EO2	.206	.178		
EO3	.193	.132		
EO4	.260	.156		
EO5	.259	.206		
SE1			.103	.174
SE2			-.358	.253
SE3			.587	.287
SE4			.527**	.143

\*P < 0.05, \*\* P < 0.01

Table 3 presented the result by using Multiple Regression Method. It showed that

Hypothesis 1: Internal factors such as human resource management has an influence on social enterprise. The level of statistical significance of 0.05 ( $\beta = 0.779$ ) is consistent with the research by Francesca et al. [14] that organizations with systematic human resource management have rules for internal operations. Hypothesis 2: external factors in all 5 areas have no influence on social enterprise. Hypothesis 3: Social enterprise such as environmentally friendly has an influence on performance. The statistically significant level of 0.01 ( $\beta = 0.527$ ), which is consistent with the research of Jo, et al. [15] states that social enterprises that operate with care for the natural environment without polluting are effective organizations. in progress accepted by society

**Table 4**  
**The hypotheses testing**

Hypotheses	Hypothesis test results
H1	Partial Support
H2	Not Support
H3	Partial Support

## CONCLUSION

From research on Factors Affecting Business Success: A Case Study of Social Enterprise in Thailand most of the respondents are 103 males. Most of them are between 35-40 years of age. Marital status, education level is bachelor's degree, working experience is 11-15 years, average monthly income is 30,001-45,000 baht.

The results of the research revealed that 1) Internal factors such as human resource management. There is a positive relationship with social enterprise.

The results of the research found that 2) External factors in all 5 aspects do not have any relationship with social enterprise.

The results of the research revealed that 3) Social enterprises are environmentally friendly. There is a positive relationship to the operating results.

From the research results, it is learned that successful social enterprise. Entrepreneurs should focus on human resource management, such as planning the number of employees per workload that is appropriate. Allowing employees to test work before getting into work determining the qualifications of staff and suitable positions and provide regular training for staff. In addition, environmentally friendly effects on the operations of social enterprises. The business is aware of the awareness of environmental conservation for employees, such as not releasing waste in the production process to the ecosystem. Using environmentally friendly packaging and waste management in the business appropriately.

For suggestions for the next research, this research is quantitative research. In the future, data may be collected by other methods other than using questionnaires only may use interviews to accompany because of, each person may have different opinions from the questionnaire. Which will make the information more accurate and besides, other variables may be studied.



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