

Organizational Culture Affecting Effective Management of Social Enterprises in Organic Food Industry in Thailand

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Abstract

This qualitative research is purposed to 1) explore aspects of organizational culture that contribute to effective management of social enterprises in Thailand's organic food industry, and 2) examine management environment of social enterprises in the organic food industry. Data were collected from three groups of key informants, operators of social enterprises in the organic food industry, academics and experts in social enterprise, and stakeholders of social enterprises through observations and in-depth interviews with a semi-structured method covering research objectives, derived from a conceptual framework developed from relevant concepts and theories. Findings revealed that organizational culture, particularly the manner of community of practice, is crucial to social enterprises and their management effectiveness. A common characteristic that affects such effectiveness of social enterprises in Thai organic food industry is passing down organizational culture through participatory practices, namely, 1) training on Participatory Guarantee Systems, 2) Participatory Action Research, and 3) knowledge exchange programs for operators of social enterprises.

Keywords: Organization Cultures, Community of Practice, Management Efficiency, Social Enterprises, Organic Food Industry

Introduction

In this era of globalization, capitalism has progressively become a major influence in affairs of businesses, which predominantly seek to maximize profit and interests for the organization and its stakeholders. Many entrepreneurs and owners have become engrossed in achieving the objective, neglecting their responsibilities to mitigate the impacts of their business affairs, and thus caused countless negative consequences. Hence, for the past couple of years, there have been efforts to promote social enterprises, a business which has a clear objective to develop a community by solving its social or environmental problems, and it must have central revenue from producing a service or product which is parallel to its social objective and must not concentrate solely on maximizing profit for its partners or stakeholder (Thai Social Enterprise Office, 2011), to address the problem at the root, restoring balance and imparting responsibilities upon relevant parties.

Still, a research of ChangeFusion institute points out challenges to social entrepreneurship, such as lack of knowledge and understanding and misunderstanding about social entrepreneurship, lack of conglomerates of social enterprises and interactions among social enterprises in Thailand, lack of access to capitals, funding, experts, and other supports, as well as the shortcomings of workforce, markets for social enterprise's products, and incentives to promote social entrepreneurship. Further, the Ministry of Commerce (2015) reveals that organic food products are produced in small-scale, as farmers are still incapable of large-scale production. Organic farming also comes with higher risk of lower crop yield due to absence of chemical, increasing costs in turn, and lower output of organic food products to the market. Also, Thailand only produces a handful of organic food products, as

organic farming is still in an early stage of development. Most organic production systems are simple, without the use of sophisticated farming technologies or machineries. Most organic products are basic unprocessed commodities. Together with limited number of markets, higher cost of workforce and severe shortage of processing plants are anticipated, hindering the efficiency of production.

Concerning the reasons stated, promotion of effectiveness in management of social enterprises in organic food industry becomes crucial, particularly in aspects of organizational culture that affect such effectiveness, seeing that organizational culture represents the collective values, beliefs, and principles of organizational members. Any organization holding decent organizational culture and practice of participatory and cooperative natures, oriented toward quality and high standard, would certainly run smoothly toward success and advancement (Office of the Basic Education Commission, 2012). Therefore, acquiring understanding of management aspects and features of organizational culture that affects effectiveness in management of social enterprises in Thailand's organic food industry is academically and developmentally significant to the nation's economy, which would improve the efficiency and effectiveness of management of social enterprises in the organic food industry accordingly for the time to come.

Research Objectives

1. To explore aspects of organizational culture that contribute to effective management of social enterprises in the organic food industry of Thailand; and
2. To examine management environment of social enterprises in the organic food industry.

Literature Review

Organizational Culture: In view of management, organizational culture is an important essence that can drive an organization towards its goals. It represents the collective values, beliefs and principles of organizational members, reflected in work practice and operation, and behaviors of the members, which can be taught to new members of the organization (Daft, 2004: 361, Schermerhorn et al., 2005: 436, Cameron, 2008: 431, Gibson, Ivancevich, Donnelly & Konopaske, 2006: 30-31, Lorsuwanarat, 2006).

In a facilitation of organizational effectiveness, effectiveness-oriented theories give an emphasis to organizational cultures that reflect an emphasis of values that evolved out of basic assumptions and unique characteristics of the organization accepted by the members as their thinking process and conduct guidelines, as well as an emphasis on cooperation and teamwork, continuous development, participation in activities involving the members, such as knowledge sharing, creating collective values, implementing community of practice, and training. These are aspects of organizational culture that contribute to effectiveness of an organization.

Management Effectiveness In an operation of scheme to improve organizational effectiveness, effectiveness-oriented theories give an emphasis to elements of effectiveness, namely, capabilities to attain one's goals, such as profitability and growth potentials, resource procurement and acquisition, adaptability, development of innovations, trust, and satisfaction of organization's stakeholders such as consumers or clients, staff, or employees, etc. (Nahavendi & Malekzadeh, 1999, Arnold & Feldman, 1986). This research includes a study on management effectiveness of social enterprises in organic food industry, businesses which have a clear objective from the start. Elkington (1997) mentions a triple bottom line framework in reference to a for-profit social entrepreneurship that aims for social, environmental, and financial goals concurrently by accounting the impacts in economic or

business, social, and ecological aspects altogether, along with social and environmental responsibilities, in order to achieve long-term sustainability for such aspects.

Research Methodology

Data Collection: In this research, the researcher employed qualitative methodology to understand aspects of organizational culture that contribute to effective management of social enterprises in the organic food industry of Thailand and their management environments. 6 social enterprises were chosen for this study from 50 entities selected by a panel of experts who qualify role models for social enterprises (Thailand Social Enterprise 50). Social enterprise for organic food industry was the criteria in the selection, focusing on organic food processors, divided into four categories of social enterprises by structure, namely, private, non-governmental, community-based, and triple bottom line businesses. The six organic food businesses were Suan Nguen Mee Ma Co., Ltd., and Khaokho Talaypu Co., Ltd (private); Green Net Cooperative Ltd., Chao Phraya Abhaibhubate Hospital, Farmer School, and Khao Kwan Foundation (non-governmental); and Baannavilit (triple-bottom line). As for data collection, the researcher has carried out field-interviews with key informants, three groups of individuals involved with social enterprises of organic food industry; operators of social enterprises in the organic food industry that have been nominated as role models, academics and experts in social enterprise, and stakeholders of social enterprise, such as customers and consumers of products and services of organic food industry, farmers, and retailers.

Data Analysis: In this research, the researcher has carried out field-interviews with key informants and compilations, analyses, and syntheses of documents, collecting primary and secondary data in parallel. Secondary data were sourced from contextual information on social enterprises in organic food industry from literature, such as research papers, textbooks, journals, academic articles, proceedings, and electronic documents, and primary data were collected by in-depth interviewing key informants with semi-structured method of two-way communication, along with observation method.

Results

In the finding of shared traits of management effectiveness in social enterprises in Thai organic food industry that reflect certain qualities of management of each group of key informants, i.e., social entrepreneurs, experts, and stakeholders, the researcher primarily focused on the perspective of action culture, particularly the community of practice, in social enterprises.

It was revealed that the informants all agreed that communities of practice in social enterprises are important and significant to the effectiveness of management of social enterprises in organic food industry. Summarized from information the informants provided, current affairs of social enterprises in the six study cases mention earlier also include cultural transfer through participatory activities, such as training programs on 1) Participatory Guarantee Systems, or collaboration efforts of small-scale agricultural producers, entrepreneurs, and consumers in to create standards and assurances of quality, e.g. active observation in Green Markets of locales, such as Chiang Mai, Chiang Rai, Surin, Yasothon, Maha Sarakham, Pattalung, Chacheongsao, and Bangkok Metropolitan Region, 2) Participatory Action Research, and 3) Programs for knowledge sharing among social entrepreneurs.

Further, informants from entrepreneur group remarked on adopting Participatory Guarantee Systems training as a solution to the complexity of the Certification Process for Organic Agriculture by Conformity Assessment Body (CAB) that the process is unfit for organic producers who sell organic produces locally due to excessively tight conditions and

regulations for the purpose. These also inhibits the prospect of allowing agriculturalists to be involved in the accreditation, and in turn, impede any progress of innovative accreditation suitable for small-scale producers. Nevertheless, academic and stakeholder informants noted that, in general, social enterprises that incorporate knowledge sharing can develop into learning organizations where knowledge is exchanged and acclimatized to improve or correct defects, together with open communication, by participation in activities, meetings, and exchanging knowledge in drills or competency training programs, i.e. regularly partaking in community's activities such as workshops for organic farming practice for the producers, and adopting new technology that can reduce production costs and increase the efficiency. Furthermore, the organizations value knowledge sharing in a form of focus group discussions among stakeholders to find solutions to social problems, seeing that affairs of social enterprise possess a major challenge, that is, the workshops for the producers have not been substantially effective due to the disadvantage in organic food market, where the products are priced higher and less diverse than products on conventional market.

Given such circumstance, it could be concluded that, in terms of management effectiveness of social enterprise in organic food industry and promotion thereof, annual research projects and practical training programs should be advocated; for example, trainings on marketing that involve actually putting produces on the market for availability, workshops in which participants have to actually perform the tasks, and focus on generating new knowledge through Participatory Action Research, which is a practice in pursuit of knowledge effective in solving community's problems as it gives precedence to doing such through active participation, encouraging community members to express their opinions, decisions, and considerations on problematic issues and/or development of their own community, instigating learning and self-dependency, which address certain challenges in social-enterprise affairs accordingly.

Discussion

From the findings, conveying that organizational culture is a significant factor associated with organization's effectiveness improvement, it is established that building participatory networks of communities can contribute to the growth of such organization, as it would attract individuals there into. Evidently, the key informants all gave a significance to participatory activities involving stakeholders in social enterprises, e.g., Participatory Guarantee Systems, Participatory Action Research, and knowledge sharing programs, correspond to Ashoka (Thailand) (2010) who states that a social entrepreneur is an individual who introduces a new idea to cause a societal change of a wide scale, as opposed to leaving such to the public or business sector, with an endeavor to partake in resolving the issue in hand and inspire community members to embrace changes and advocate practical implementations of any new conception for the betterment of their society. On the same note, The Benevolent Society (2013) points out that an attribute of organizational culture in social entrepreneurship that could potentially bring about success is the participation of all parties involved, representatives, clients, or stakeholders, and their ability to witness and/or participate, including support in aspects such as funding and resource provision. Analyzing the Success of Social Enterprises-Critical Success Factors Perspective (Wronka, 2013) also found that motivation and determination of personnel, effective collaboration with the public sector, and participation of local communities are some features that could make an organization successful.

Recommendation

- 1) To reach organization's objectives, which could be accompanied with a solution to societal issues in hand, a social entrepreneur should actively engage in long-term activities with the community to gain support and cooperation from its members, which would provide stability in addressing societal issues.
- 2) The public sector should facilitate network building among social enterprises in Thailand to reinforce knowledge, experience, leverage, and availability of distribution channels, that is, founding centers to provide information, support, networking, and cooperation among sectors, namely the public and private sectors, investors, and entrepreneurs, or prearrangement to foster such cooperation.

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