

Current situation and solution on management of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited

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Abstract

This study aimed to examine the current situation in the cooperative management of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited and to provide recommendations for strengthening the management. The study was conducted by interviewing the opinions of chairman and committee members of the cooperative on the advantages and disadvantages in the current management situation. The study found that most of committee members agreed that the current organization had sufficient and appropriate committee members. The existing products were easy to distribute to customers based on their orders. The committee members were also satisfied with their knowledge of plantation management, cooperative management and operational readiness. Members also had knowledge of plantation and cooperative management and always participated in the meetings and distribution of the cooperative's products. Moreover, the cooperative had database of the members' plantations, good markets and low competition were advantages as well. However, there were several disadvantages of the organization such as low incentive, short supply of raw materials, outdated equipments and lack of working capital and insufficient loans due to no land as an asset for guarantee. Changes in social could result in labor shortages; however, the local government policy had no impact on cooperative operations.

In conclusion, there were five strategies to strengthen the cooperative management. First, the cooperative administrative office should be managed by a professional manager, accounting and marketing officers. Second, the cooperative should serve as a distributor of log, timber and members' wood products. Third, members should produce teak products by themselves including for solving the lacking of carpenters. Forth, the cooperative should give opportunity for the local labor to participate as an employee. Finally, Royal Forest Department should review and edit the rules and regulations of teak plantation for increasing plantation area and promoting the utilization of teak in the future.

Keywords: Nong Bua Lam Phu Private Forest Plantation Cooperative Limited, situation, solution, management

Introduction

Forest Plantation Cooperative is a project initiated by the Royal Forest Department (RFD) with a strong commitment to adding value to wood originated from retail private forest plantations by means of setting up a market center of logs and sawn timbers, wood processing plants i.e. wood production factory, sawmill and etc. for making furniture, charcoal, handicrafts, inventions, tools and utensils, which helps assure retail private entities especially forest growers of market availability.

In order to achieve the goal shown the foregoing paragraph, forest farmers nationwide were encouraged to meet and discuss about an idea to form a private forest

plantation cooperative. On 20 October 1995, the said assembly resolved to form a private forest plantation cooperative named "Private Forest Plantation Cooperative Limited", by assigning Mr. Prajam Sukkaew, a farmer in Nakornsawan as the team leader to apply for registration under the Cooperatives Act, B.E. 2511 (A.D. 1968). The registration was done on 8 March 1996, under cooperative registration number 0054399, in the category of agricultural cooperative (RFD 1998). The preliminary office was situated at 61 Paholyothin Road, Chatuchak, Bangkok (temporary use), with the aim of administering cooperatives in every province where forest affairs were operated. As a rule, each cooperative has 15 committees, and its objectives are 1) to encourage the unification of forest plantation

owners and set up a private forest plantation cooperative at the local level. A brainstorming session must be held to thrash out various issues such as productivity and fund management, etc. 2) to be an institution for developing and promoting collaborative efforts and close rapport among members, helping one another, by adhering to fundamental human morality and good ethics. 3) to make private forest plantations successful, promote forest farming on a continuous and integrated basis, solve the shortage of utility wood, and to tackle environmental impacts and 4) to solve socio-economic problems aimed at enhancing the well-being and living conditions of people, by making forest farming a sustainable career for farmers to do for living.

Although the purpose of establishing forest plantation cooperatives in Thailand is to get rid of forest-farming problems in the private sector, there are many disadvantages and obstacles to overcome i.e. lengthy time to obtain yields, the unavailability of wood markets, exploitation from middlemen, and excessive bureaucracy or adherence to rules and formalities (red tape). Moreover, not many forest growers were members of forest plantation cooperatives due to several constraints such as their limited knowledge and understanding of cooperative principles, and the socio-economic conditions of the target group, and so on. The number of private forest plantation cooperatives has shown a decline against the preliminary goal to have cooperative businesses in every province where forest affairs were operated. The numbers of private forest plantation cooperatives declined, from 36 provinces in 2002 to 31 provinces in 2009 (30 forest plantation cooperatives and 1 service cooperative). It can be inferred that the administration of forest plantation cooperatives in Thailand does not have much success as it should.

In the northeast of Thailand, there were a lot of farmers who were interested in farm forestry. However, an effort to encourage farmers to plant trees still lacks clear goals about marketing and on how to utilize small wood. It is, therefore, necessary to support and strengthen the administration of forest plantation cooperatives to make farmers feel confident about their investment in forest farming. This study aimed to examine the current situation in the cooperative management of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited and to provide recommendations for strengthening the management to attain its strengths and fulfill its formation objectives.

Materials and methods

This study was conducted at Nong Bua Lam Phu Private Forest Plantation Cooperative Limited, Nong Bua Lam Phu Province in the northeast of Thailand. This Private Forest Plantation Cooperative Limited is an organization registered on 30 March 2000 as a juristic person under the Cooperatives Act B.E. 2542 (A.D. 1999), with 75 original members. 90 % of planted species was teak, the total planting area was 2,080 ha (13,000 rai), and 80 % of members was low-income farmers. Current operations or

activities are 1) furniture factory, using small-size teak as raw material. 2) the sales of wood products and furniture items. 3) the purchase of logs from farmers (both members and non-members), the purchase price will be determined by the board, by considering reference price data obtained from RFD and the Forest Industry Organization (FIO) and 4) giving help to members in various matters such as an application for RFD's permission for teak felling and shipments, forest plantation management technique, the sale of teak to middlemen, the sending of members for training or study tours at many different agencies, and the dissemination of log price information obtained from RFD (Reforestation Promotion Office, RFD 2005).

All of the thirteen committee members of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited were interviewed about the current management situation such as organization, management and ability of committee and member etc. The gathered information of their opinions were interpreted and were divided into advantages and disadvantages. Then, we considered the strategies to strengthen the management of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited.

Results and discussion

1. Current situation in the cooperative management

(1) Organization

About 80 % of committee members agreed that the current organization has sufficient members and about 70 % agreed that committee members are appropriate in term of mission and knowledge. While the Private Forest Plantation Cooperative Limited had low incentives, the committee members worked as volunteers. So they interpreted that this is disadvantage issue (Table 1).

Table 1. Disadvantages and advantages of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited in organization issues

Items	Disadvantage		Advantage	
	Number	%	Number	%
1. Number of committees	2	15.4	11	84.6
2. Mission	4	30.8	9	69.2
3. Knowledge	4	30.8	9	69.2
4. Incentive	10	76.9	3	23.1

(2) Management

The study found that the existing products are easy to distribute to customers based on their orders, 100 % thought that customers need and selling products are the advantages of management. There were several disadvantages of management such as short supply of raw materials, the outdated equipments. Some committee members thought that because patterns follow the on demand products, it is the advantages. While others thought that few and limited

Table 2. Disadvantages and advantages of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited in management issues

Items	Null		Disadvantage		Advantage	
	Number	%	Number	%	Number	%
1. Material finding	0	0.0	11	84.6	2	15.4
2. Producing	0	0.0	9	69.2	4	30.8
3. Pattern of products	0	0.0	6	46.2	7	53.9
4. Customer need	0	0.0	1	7.7	12	92.3
5. Selling product	0	0.0	0	0.0	13	100.0
6. Finance	0	0.0	9	69.2	4	30.8
7. Loan	1	7.7	10	76.9	2	15.4

Table 3. Disadvantages and advantages of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited in committee member issues

Items	Disadvantage		Advantage	
	Number	%	Number	%
1. Cooperative knowledge	1	7.7	12	92.3
2. Plantation management knowledge	0	0.0	13	100.0
3. Price assessment	0	0.0	13	100.0
4. Product selling	0	0.0	13	100.0
5. Meeting	1	7.7	12	92.3
6. Law and regulation understanding	0	0.0	13	100.0
7. Recommendation to members	0	0.0	13	100.0

Table 4. Disadvantages and advantages of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited in constituent member issues

Items	Disadvantage		Advantage	
	Number	%	Number	%
1. Cooperative Knowledge	6	46.2	7	53.9
2. Plantation management Knowledge	4	30.8	9	69.2
3. Price assessment	9	69.2	4	30.8
4. Product selling	2	15.4	11	84.6
5. Meeting	0	0.0	13	100.0

pattern are disadvantages. In addition, lacking of working capital and insufficient loans due to no land as an asset for guarantee were also disadvantages of management (Table 2).

(3) Committee members

The committee members were satisfied with their knowledge of plantation and cooperative management, product selling, including price assessment, recommendation to members. They were also satisfied with their understanding in law and regulation of RFD (Table 3).

(4) Members

Committee members thought that Private Forest Plantation Cooperative Limited's constituent members also have knowledge of plantation and cooperative management. The constituent members helped to distribute the cooperative's products and especially always participated in

the meetings (Table 4).

(5) Other issues

The opinion of committee members to other issues found that;

- 1) The cooperative has database of the members' plantation such as species, area and location. Even though, less update data when member harvested their trees. And the cooperative did not have information about tree stock or volume of their members.
- 2) The sufficient instrument and technology, good markets, and low competition in teak products are advantages.
- 3) There are 53.9 % of committees felt that changing in social can result in labor shortage, while 30.8 % said that the social does not impact to the cooperative management.
- 4) 53.9% of committees felt advantage in RFD law and regulation. 46.2 % of committees felt the disadvantage,

Table 5. Disadvantages and advantages of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited in other issues

Items	Null		Disadvantage		Advantage	
	Number	%	Number	%	Number	%
1. Database of member	0	0.0	1	7.7	12	92.3
2. Government policy	7	53.9	5	38.5	1	7.7
3. RFD law and regulation	0	0.0	6	46.2	7	53.9
4. Wood market	0	0.0	3	23.1	10	76.9
5. Tool, instrument and technology	0	0.0	5	38.5	8	61.5
6. Social changing	4	30.8	7	53.9	2	15.4
7. Competitor	0	0.0	4	30.8	9	69.2

they mentioned about the problem due to the officers. However, the local government policy had no impact on cooperative operations (Table 5).

2. Recommendations for strengthening the management

Himmapan et al. (2010) studied the administration and operations of various cooperatives on forest plantations such as Maha Sarakham, Lop Buri, Kanchanaburi Private Forest Plantation Cooperatives Limited etc. The advantages were shown as followings;

- 1) The present activities were not only produce wood furniture, but also consisted of the purchase of logs from members at better prices than anywhere, logging from members' forest plantations, log sale, and furniture making.
- 2) The organizational and administrative structure of the committee was clear.
- 3) The product items were supplied by a member and sale by cooperative.
- 4) There were some positions working in the cooperative are the professional people.

(1) Strategies for strengthening the management

From the disadvantage issues or problems and obstacles of the administration and operations of Nong Bua Lam Phu Private Forest Plantation Cooperative Limited, in comparison with other forest-related cooperatives, the following five strategies could be recommended to strengthen the cooperative management in future.

- 1) The cooperative suffered loss in the early years, no dividend was paid. However, the cooperative recently began to make profit and was able to pay dividends to members in 2008. The financial situation has recently been better, but not stable. The Private Forest Plantation Cooperative Limited is managed by committee members who are farmers. The results showed that most of them were lack of the management and business knowledge. Therefore, the cooperative administrative office was recommended to be managed by a professional manager, accounting and marketing officers.
- 2) The current activities were only sale of wood products and furniture items, while it was facing short supply of raw materials and the outdated equipments. The

cooperative should serve as a distributor of log, timber and members' wood products.

- 3) The problem on lacking of the skill carpenters, members should produce teak products by themselves. They can get income and solve problems of lacking carpenters.
- 4) The cooperative should give opportunity for the local labor to participate as an employee. Not only solving the lack of the carpenters, but the cooperative also supported the social and economic of their community.
- 5) Finally, Royal Forest Department should review and edit the rules and regulations of teak plantation for both cutting red tapped by amending official rules and procedures that are practically difficult, unnecessary, or unfavorable to the felling, shipment, manufacturing and sale of teak logs or teak products and increasing plantation area and promoting the utilization of teak in the future.

(2) Expectations of assistance from RFD

- 1) Strengthen cooperative operations by the provision of training programs on workmanship/craftsmanship development, creative product design, and effective administrative management.
- 2) Raise funds to support ongoing management and maintenance of farmers' forest plantations, build motivation for farmers who want to conduct commercial thinning for a better future of their forest plantations and for raw material continuous supply to cooperatives' factories.
- 3) Improve systems with regard to license application and approval procedures to facilitate the operations of teak growers and entrepreneurs.
- 4) Coordinate with other agencies in both public and private sectors to find teak markets for cooperatives.
- 5) The objectives of the formation of forest-related cooperatives were the unification to build a group's strengths, enhance the quality of life, and promote the well-being of forest growers and forest-related entrepreneurs, as well as to increase the area of forest plantations for the country. So, regardless of whether cooperatives are under the supervision of RFD or Cooperative Promotion Department, RFD should remain in charge of monitoring, coordinating and supporting cooperative activities on a continuous basis to reinforce

the potential of forest-related cooperatives.

Conclusion

The study found that most of committee members agreed that the current organization has sufficient and appropriate committee members. The existing products were easy to distribute to customers based on their orders. The committee members were also satisfied with their knowledge of plantation management, cooperative management and operational readiness. Members also had knowledge of plantation and cooperative management and always participated in the meetings and distribution of the cooperative's products. Moreover, the cooperative had database of the members' plantations, good markets and low competition were advantages as well. However, there were several disadvantages of the organization such as low incentive, short supply of raw materials, outdated equipments and lack of working capital and insufficient loans due to no land as an asset for guarantee. Changes in social could result in labor shortages; however, the local government policy had no impact on cooperative operations.

There were five strategies to strengthen the cooperative management. First, the cooperative administrative office should be managed by professional. Second, the cooperative should serve as a distributor of log, timber and members' wood products. Third, members should produce teak products by themselves. Forth, the cooperative should give opportunity for the local labor to participate as an employee. Finally, RFD should review and edit the rules and regulations of teak plantation for increasing plantation area and promoting the utilization of teak in the future.

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