

An Analysis of Consumer Cooperatives in Thailand

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Abstract: The aims of this research were; 1) to analyze the present situation of consumer cooperatives in Thailand and 2) to examine the relationship between size and consumer cooperatives' profit. This study used secondary data. These data were collected from the Cooperating Auditing Department and Cooperation Promotion Department. Descriptive statistics (frequency, percentage, mean and standard deviation) and inferential statistics (Chi-square and Fisher's Exact Test) were used for data analysis. The finding indicated that profit per store was not high. Additionally, most consumer cooperatives had single branch. It also found that size had significant relationship with consumer cooperatives' profit. Thus, consumer cooperatives should add online business to compete with modern trade.

Keywords: consumer cooperatives, Cooperating Auditing Department, Cooperating Promotion Department, profit, size, Thailand.

I. INTRODUCTION

Thailand used the cooperative concept in solving economic and social problems [Petchprapunkul, 2012]. The Wat Chan Cooperative Unlimited Liability (agricultural cooperative) was the first cooperative established in 1916 [Cooperative Promotion Department, 1994]. According to the Cooperative Act 1999 in Thailand, there are seven types of cooperatives (agricultural cooperatives, fishery cooperatives, land settlement cooperatives, consumer cooperatives, services cooperatives, thrift and credit cooperatives, and credit union cooperatives [Cooperative Auditing Department, 2016]. The first consumer cooperative was established in 1937 [Yoosathaporn, 1994]. From the data of Cooperative Auditing Department (CAD) during 2013-2017 indicated in Table 1, the number of consumer cooperatives are decreased every year. The study of Machima[n.d.] found that consumer cooperatives in Asia (Bangladesh, India, Indonesia, Philippines, Malaysia, Thailand, Sri Lanka and Vietnam) faced a fierce competition from private sector. For problems of consumer cooperatives in Thailand, the working capital of consumer cooperatives were not sufficient and business volume of them were small [Machima, n.d.]. However, the current of retail business in Thailand is also highly competitive. There are many competitors including Big C, FamilyMart, FOODLAND, Home Fresh Mart, LAWSON 108, Lemon Farm, Maxvalu, 7-Eleven, SPAR, Tesco Lotus, Tops Supermarket, Villa Market etc. This research has two objectives. First, it analyzes the current situation of consumer cooperative in Thailand. Second, it examines the relationship between size and profit of consumer cooperatives in Thailand.

Table 1: Number of Consumer Cooperatives and Members in Thailand (2013-2017)

	2013	2014	2015	2016	2017
Number of Consumer Cooperatives	165	155	145	136	124
Number of Membership(million)	0.74	0.70	0.73	0.68	0.67

Source: Cooperative Auditing Department

II. METHODOLOGY

This research is non-experimental design. The unit of analysis is consumer cooperatives in Thailand. The study used secondary data from book, research and thesis related to consumer cooperative. It also used the data from the Cooperative Auditing Department (CAD) in 2013-2017. In addition to, the data of cooperative and farmer group's size (2017) from CAD were used in this analysis. The sample of this study was 124 consumer cooperatives due to the available of data from CAD in 2017. Both qualitative and quantitative analysis method were used in the study. The study used descriptive statistics (frequency ,percentage, mean and standard deviation) to analyze the situation of consumer cooperatives. The inferential statistics (Chi-Square Independence test) was used to analyzed the relationship between size and profit of consumer cooperatives . If the expected value less than 5 is more than 20 percent, the study will use the Fisher's Exact Test instead of Chi-Square [Shavelson, 1988].

III. RESULTS AND DISCUSSION

The first table presents the number of consumer cooperatives and members in Thailand for 2013-2017. The number of consumer cooperatives for 2013-2017 were 165, 155, 145, 136 and 124 stores with 0.74, 0.70, 0.73, 0.68 and 0.67 million members respectively. In 2017, the number of consumer cooperatives decreased 8.82% from 2016. Consistent with Machima[n.d.], consumer cooperatives in Thailand also were confronted with the stiff competition of modern trade. However, the number of members per store increased 8.06% from 2016. The number of members per store was not high.

The second table indicates the business performance of consumer cooperatives (2013-2017) In 2017, total revenue, expense and capital of consumer cooperatives were 5262.47, 5115.13 and 2615.49 million baht respectively. Revenue, expense and capital is decreased by 2.22, 2.83 and 8.46% respectively from 2016. The findings were sometimes quite surprising . For example, consumer cooperatives generated profit of 147.34 million baht, a 24.85% increased from 2017.

The third table provides the size of consumer cooperatives in 2017. The consumer cooperatives in Thailand consists of small, medium, large and very large size, with 1, 5, 80 and 38 stores respectively. The fourth table summarizes the comparing revenue, expense, profit and capital with consumer cooperatives' size (2017). The results of this research reveal a baseline of revenue, expense and profit in consumer cooperatives in Thailand. Very large consumer cooperatives generate average revenue, expense , profit and capital of 99.72, 96.65, 3.07 and 55.98 million baht respectively. They also have average revenue, expense, profit and capital more than other cooperatives' size.

The fifth table shows the comparing number of consumer cooperatives' profit and loss with size in 2017. Overall, 83.06 % of consumer cooperatives got profit. There are only 21 consumer cooperative (16.94%) stores got loss. The sixth table revealed the comparing profit and loss with consumer cooperatives' size (2017). The profit per store of very large, large and medium consumer cooperatives were 3.68, 0.54 0.03 million baht respectively. This implied that bigger size of consumer cooperatives indicated higher potential profit or loss.

The last table discloses the Chi-Square and Fisher's Exact Test for consumer cooperatives'profit by size. The Chi-Square used to test whether size had a significant relationship with profit of consumer cooperatives in Thailand. The results indicated that the chi-square had expected count less than 5 as mentioned in the methodology. Thus, the Fisher Exact test were used instead of Chi-square. At the 0.10 significance level , the Fisher's Exact Test value in Table indicated that there was a relationship between size and profit of consumer cooperatives. Consumer cooperatives in Thailand can use this research as a guide to set or change their strategies in order to compete with modern trade (Big C, Maxvalu, 7-Eleven, SPAR, Tesco Lotus, Tops Supermarket etc).

Table 2: Business Performance of Consumer Cooperatives (2013-2017)

	2013	2014	2015	2016	2017
Revenue(million baht)	7,065.06	6,611.35	6,428.13	5,381.96	5262.47
Expense(million baht)	6,858.60	6,622.86	6264.00	5263.94	5115.13
Profit(million baht)	206.46	-11.52	164.13	118.01	147.34
Capital(million baht)	3,393.40	3,661.93	3,259.03	2,857.45	2615.49

Source: Cooperative Auditing Department

Table 3: The Size of Consumer Cooperatives in 2017

	Small	Medium	Large	Very Large
Number of Consumer Cooperatives	1	5	80	38

Source: Cooperative Auditing Department

Table 4: Comparing Revenue, Expense, Profit and Capital with Consumer Cooperatives' Size (2017)

	Small(n=1)	Medium (n=5) Mean (Standard Deviation)	Large (n=80) Mean (Standard Deviation)	Very Large(n =38) Mean (Standard Deviation)
Revenue(million baht)	0.002	0.210 (166.043)	18.400 (36.014)	99.722 (191.900)
expense(million baht)	0.020	0.201 (0.147)	18.018 (35.879)	96.65 (190.278)
Profit(million baht)	-0.018	8,840.94 (0.028)	0.382 (0.672)	3.073 (4.059)
Capital(million baht)	0.419	0.317 (0.131)	6.080 (5.199)	55.975 (88.021)

Table 5: Comparing the number of Consumer Cooperatives' Profit and Loss with Size (2017)

Consumer Cooperatives' Size	Profit	Loss	Total
Small	0(0)	1(100)	1 (100)
Medium	3(60)	2(40)	5(100)
Large	67(83.75)	13(16.25)	80(100)
Very Large	33(86.84)	5(13.16)	38(100)
Total	103(83.06)	21(16.94)	124(100)

Table 6: Comparing Profit and Loss with Consumer Cooperatives' Size (2017)

	Small(n=1)	Medium	Large	Very Large
Profit(million baht)	-	0.08(n=3)	36.09 (n=67)	121.42(n=33)
Profit/Store(million baht)	-	0.03	0.54	3.68
Loss(million baht)	0.02(n=1)	0.03(n=2)	5.54(n=13)	4.65(n=5)
loss/Store(million baht)	0.02	0.02	0.43	0.93

Table 7: Chi-Square and Fisher's Exact Test for Consumer Cooperatives' Profit by Size

	Value	Sig.
Chi-Square	7.208	0.66
Fisher's Exact Test	6.036	0.095

IV. CONCLUSION AND RECOMMENDATIONS

This study provides the current situation of consumer cooperatives in Thailand. The results indicated that the number of consumer cooperatives were decreased. Overall, 83.06% of consumer cooperatives got profit. Most of consumer cooperatives were large size. In addition to, the finding found that size was relate to consumer cooperatives' profit. However, the results of this research were quite surprising. The profit per store is not high for every cooperatives' size. The reason is that most consumer cooperatives in Thailand have only one branch. Moreover, retail business is high competitive from modern trade. Therefore, consumer cooperatives should do online business. Additionally, they might

also hire a cooperative manager who has modern trade' s experience. Future study should analyze the efficiency of consumer cooperative. Additionally, it should study the relationship between size and efficiency of consumer cooperatives. Finally, future research should do a feasibility study of changing consumer cooperatives from traditional cooperative to new generation cooperative.

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