



# Development of a guideline for OTOP Nawatwithi tourism community enterprises in Udon Thani, Thailand

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## Abstract

This research aims to develop a guideline for tourism community enterprises under the OTOP Nawatwithi Project, with the focus on the quality of life of people in Udon Thani, Thailand. The study explores the factors influencing the development of the community enterprises, which include community participation, production and operation, good management, and integrated marketing. 360 samples were selected for responding to a questionnaire survey. Structural equation modeling (SEM) was employed to quantitatively analyze the complex relationships between the causal factors found in the hypotheses, the foundation of the survey questions. In terms of the qualitative research, there were in-depth interviews as well as focus group discussions with experts in the field of community enterprise development. The research results revealed that the examined factors influenced the development of the OTOP tourism community enterprises in Udon Thani at a high level. Integrated marketing was the factor with the highest mean. The correlations between the explored variables were positive by which the magnitude of the correlation coefficients was between 0.092 and 0.613. The pair with the highest correlation was “quality of goods and services” and “number of tourists” ( $r = 0.613$ ), while the pair with the lowest correlation was “problem analysis” and “quality of life” ( $r = 0.092$ ). According to the developed guideline, community enterprises should adopt good management and expand the networks of teams in order to create high-quality products and services. Community members should participate in the development process, and integrated marketing should be applied for expanding target groups.

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## Introduction

“Thailand 4.0” refers to an innovation-driven economic model which focuses on the role of local communities and their self-management capacity. The fundamental

philosophy of community development is that human beings are equally capable and there is a potential ability hidden in the power of thoughts and skills. This means all workers are capable of developing themselves according to their competences, qualities, and virtues. The government, hence, supports the acquisition of knowledge and modern technology. Community products are now enhanced to reach national and international standards in order to drive the country’s industrial sector by technology.

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Creativity and innovation are emphasized in today's modern management with a view to enhance productivity, create equal and inclusive participation, and become environmentally friendly (Office of the Secretariat of the House of Representatives, 2017).

“Community enterprise” is a policy implemented by the government for grassroots people. The goal of the policy is to create or promote community products which can support the local communities to generate their own revenues. It is also expected to result in sustainability for every local community member, their families, and their communities because stable jobs can create stable life. A community enterprise is a community-owned enterprise which produces goods, services, etc. by creatively using and managing community capital. Community capital not only involves money but also local resources, productivity, knowledge, wisdom, cultural capital, and social capital. Using raw materials, resources, capital, and labor found in the community itself is the principle of community enterprise management, while local wisdom and universal wisdom are the foundation of innovation (Phongphit, 2009).

The Ministry of Interior has assigned the Department of Community Development to create a community tourism project, so-called “OTOP Nawatwithi,” in all provinces across the country since 2018. The project includes 3,273 villages where community-based tourism is promoted in a concrete and effective manner. The ultimate goal of this project is to develop a community economy that can contribute to Thailand's economy. The Thai tourism industry is important to the growth of Thailand's economy. Therefore, it is necessary to develop all sectors in this industry to be able to cooperate more effectively to contribute to the sustainable development of the industry and the study of the industry's supply chain. Tourism in Thailand to create an overall understanding of coordination between the key stakeholder operators and exchange of information between the stakeholder entrepreneurs (Saengchai & Hasoontree, 2021). So far, there have been many successful OTOP Nawatwithi tourism community enterprises under this project. However, some were unsuccessful due to the problems and obstacles in the following aspects: production and operation management, marketing, information technology, and budget management.

Therefore, this research aims to develop a guideline for OTOP Nawatwithi tourism community enterprise management in Udon Thani Province in order to improve its people's quality of life. Over the past five years, the community enterprises in this province have produced many kinds of goods and services in a natural way based on the rural culture.

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## Literature Review

A community enterprise is a community business in which a group of individuals in a community jointly produce goods and services. In other words, local people come together to run a business for the benefit of the community, strengthening oneself as well as others. A community enterprise usually creatively manages the community's capital or resources and applies uncomplicated production methods. For example, it may use materials that are easily available in the community. Community capitals typically include local resources, productivity, knowledge, wisdom, cultural capital, and social capital. These capitals can help a community to generate revenues and reach self-reliance (Parinyasuthinan, 2017).

To develop community enterprises, the central government as well as various government agencies such as ministries, departments, and local government organizations must work together in an integrated manner, exchange information, and avoid the lack of coordination (Intanon et al., 2019). Moreover, it is important to enhance the quality of goods and services (QUAGS). The production planning must be in line with the market needs and the community's production capacity. It is found that consumers or tourists want OTOP product manufacturers to develop creative, innovative, unique, modern, qualified products. Various packaging styles are demanded. Each OTOP product should reach international standards. All of these points can attract customers and tourists to visit the community, increase the number of tourists (NUTOU), and generate community incomes (COMIN). A community enterprise can be developed by which the community members become co-owners of the business and manage the business together by themselves. This helps the business to expand and have a good cash flow, creates employment, and adds value to the community (Dararuang, 2021; Udomraksasup et al., 2021).

Conceptually, there are four major elements required for developing a guideline for community enterprises, including community participation (COMPA), good management (GOMNG), products and services (PRSER), and integrated marketing (INMKT).

Community Participation (COMPA) refers to the participation of community members in community activities and local empowerment. To develop community-based tourism, the participation of the local people is required. Community participation is a process determining cooperation directions and local resources usage. It also supports sustainable tourism at all levels, from the policy level to the planning level and then the operational level (Cohen & Uphoff, 1981). Stakeholder

participation has been shown to benefit both directly and indirectly from the community (Saengchai & Hasoontree, 2021). Hence, OTOP tourism community enterprises should incorporate participations in problem acknowledgment and analysis (PROBA), action planning (ACTPL), activities (ACTIV), and audit, monitoring, and evaluation (EVALU). The purpose is to achieve improvements and developments in a sustainable way.

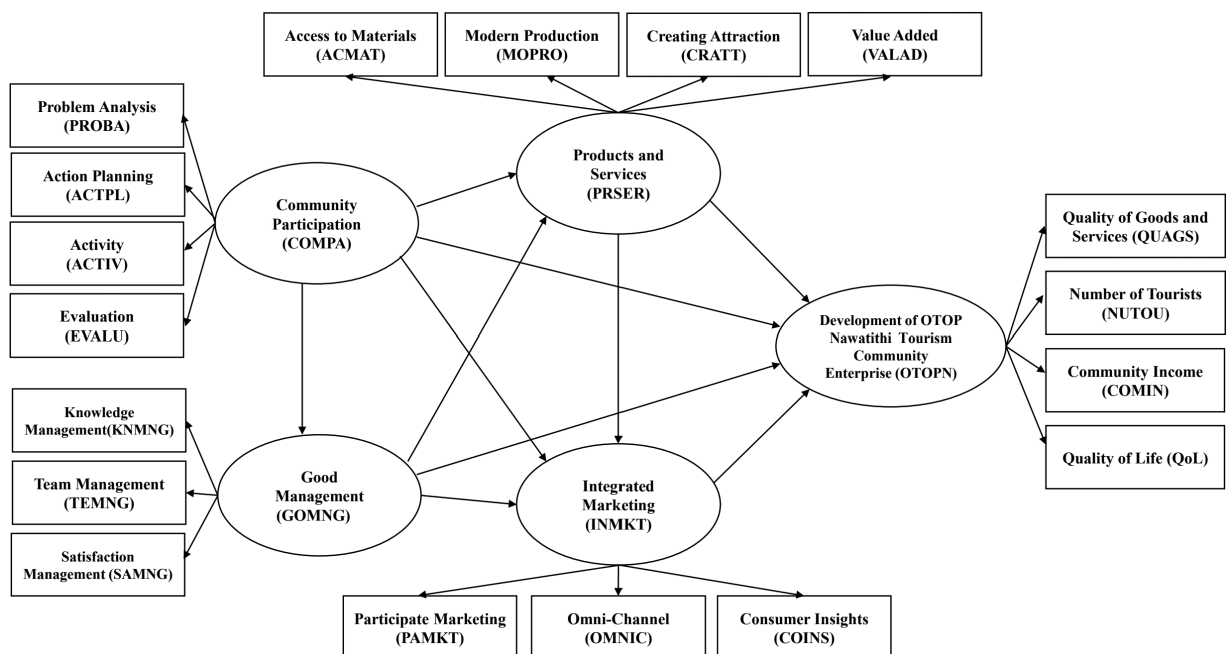
Good Management (GOMNG) is a process enabling communities to achieve their goals in an efficient and effective manner towards organizational planning, leadership and community resources control. It also includes knowledge and local wisdom management (KNMNG), team management (TEMNG), and member satisfaction management (SAMNG). Knowledge and local wisdom management (KNMNG) focuses on the preservation of the local culture and environment. Team management (TEMNG) or community member management refers to the optimization of community members' abilities and the reinforcement of coordination and networking. Member satisfaction management (SAMNG) is a result of valuable operations and effective rewarding methods. The goal of good management is to solve community problems and manage utility facilities and the environment of the community's tourist attractions (Ruangpradit & Yaprang, 2019).

Products and Services (PRSER) refer to the local products and services that should be analyzed before

offering them to the tourists who visit each OTOP tourism community. It is necessary to develop products and services that meet the demand of each target group within the limits of potential access to materials (ACMAT). Production costs should be reduced by the use of modern production processes (MOPRO) and reflect the identity of the community in order to create attraction (CRATT). The use of local wisdom and knowledge can create a distinctive feature and add value (VALAD) to a product or service of the community (Parinyasuthinan, 2017).

Integrated Marketing (INMKT) is a kind of participatory marketing (PAMKT) in which relationships with consumers are built through consistent experiences with a product or service. Technologies are seamlessly applied towards the Omni Channel marketing method (Omni-channel: OMNIC), which integrates all channels that customers use for access products and services both online and offline (Lee, 2015). Receiving good experiences encourages the return of loyal customers (Aohan & Min, 2018). Direct communication with the target group is also crucial for acquiring the customer insights (COINS) in order to genuinely meet the consumer demand (Naka et al., 2017).

The following conceptual framework is a framework showing how to develop a guideline for OTOP Nawatwithi tourism community enterprises, for the sake of a good quality of life (QoL), in Udon Thani Province.



**Figure 1** Conceptual framework of the development of a guideline model for OTOP Nawatwithi tourism community enterprises

Source: Obtained from primary data (2022)

## Methodology

In this study, the mixed methods research was applied. In terms of the quantitative research, a questionnaire survey was conducted for data collection. In Udon Thani Province, there were 81 tourism communities and 2,469 registered community enterprises with 44,449 members. While proportion sampling was employed to select the tourism communities, stratified sampling was applied to categorize sub-population groups of each district in Udon Thani Province. Among 44,449 community enterprise members, the unit of analysis in this study, the researchers employed the ideal sample size-to-parameters ratio 20:1. model parameters require statistical estimates, then an ideal minimum sample size would be  $20 \times 18$ , (Kline, 2011); as a result, there were 360 samples in this research. Regarding the qualitative research, semi-structured, in-depth interviews were carried out. There were 15 interviewees selected by purposive sampling method. The samples included 8 community enterprise presidents (each from 8 OTOP Nawatwithi tourism communities in Kumphawapi District), 3 community enterprise committee members, and 4 tourists. In addition, a focus group discussion with 10 experts in the field of community enterprise development was also conducted. Similar to the in-depth interviewees, the experts were also selected by purposive sampling method. Both interviews and the focus group were arranged by making appointments in advance.

For data analysis, after cleaning the data gained from questionnaire results, the researcher tested and analyzed the collected data statistically towards the use of data analysis tools such as Statistical Package for the Social Sciences (SPSS) and Linear Structural Relations (LISREL). The hypotheses were tested at a significance level of .05. The data were analyzed by a variety of statistical tools as follows.

1. Descriptive statistics (frequency, percentage, mean, and standard deviation) were used for analyzing the basic relationships between variables. The data was interpreted in 5-point scale mean range by which 4.50–5.00 = highest; 3.50–4.49 = high; 2.50–3.49 = moderate; 1.50–2.49 = low; and 1.00–1.49 = lowest (Srisa-ard, 2000).

2. Inferential statistics was applied for multivariate analysis. Structural Equation Modeling (SEM) was employed to test the influence of latent variables as well as the relationships between independent variables and dependent variables. The independent variables

included community participation (COMPA), good management (GOMNG), products and services (PRSER), and integrated marketing (INMKT). The dependent variables included the sub-variables of the development of OTOP Nawatwithi tourism community enterprises: quality of goods and services (QUAGS), number of tourists (NUTOU), community income (COMIN), and quality of life (QoL). Towards the LISREL program, path analysis was used for investigating the direct effects, indirect effects, and total effects of the variables in order to evaluate model fit. Pearson's correlation coefficient was applied to measure the association between the variables, which was later used for factor analysis and multiple regression. The factor analysis and multiple regression analysis helped to reduce a large set of observed variables into a smaller set of factors and provide the regression equation of the variables. The researcher also tested the linearity of the relationship between independent and dependent variables in order to justify the use of linear regression model for the purpose of inference.

## Results

According to the questionnaire survey, out of 360 samples, the majority of the survey respondents were female and aged between 51–60 years old. Most of the samples had been granted with at least a middle school diploma, earned the average income between 10,001–20,000 baht per month, and had 3–4 family members. They had also been members of community enterprises for 6–10 years. Regarding their responses, the collected data was statistically analyzed and summarized as follows.

Overall, according to Table 1, the examined factors were found to influence the development of the OTOP tourism community enterprises in Udon Thani at a high level (mean = 3.70; *SD* = 0.66). When considering factor by factor, it was found that the following factors influenced the development at a high level: integrated marketing (mean = 4.48; *SD* = 0.56), number of tourists, (mean = 4.21; *SD* = 0.43), products and services (mean = 4.14; *SD* = 0.70), quality of goods and services (mean = 4.07; *SD* = 0.62). Meanwhile, the following factors influenced the development at a moderate level: community incomes (mean = 3.29; *SD* = 0.47), quality of life (mean = 3.21; *SD* = 0.43), level of community participation (mean = 3.32; *SD* = 0.61), and good management (mean = 3.60; *SD* = 0.59).

**Table 1** Level of development of the OTOP tourism community enterprises

Development of the OTOP Tourism Community Enterprises	Mean	SD	Level
Integrated marketing	4.48	0.56	Highest
Number of tourists	4.21	0.43	Highest
Production and operation	4.14	0.70	High
Quality of goods and services	4.07	0.63	High
Community incomes	3.29	0.47	Moderate
Quality of life	3.21	0.43	Moderate
Level of community participation	3.32	0.61	Moderate
Good management	3.60	0.59	Moderate
Total	3.70	0.66	High

Source: Obtained from primary data (2022)

In terms of the factors influencing the development of the OTOP tourism community enterprises, including community participation, good management, production and operation, and integrated marketing, the researcher used the Pearson's correlation coefficient technique to find and measure the relationships between 18 indicators. These indicators were observed variables which could be used in both regression analysis and SEM. The results showed that the correlation coefficients between the variables were positive. The magnitude of the correlation coefficients was between 0.092 and 0.613 at a significance level of .05 and .01. When considering the correlation between the observed variables, it was found that the pair with the highest degree of correlation was the quality of goods and services (QUAGS) and the number of tourists (NUTOU) ( $r = 0.613$ ). Meanwhile, the pair with the lowest degree of correlation was the problem analysis (PROBA) and the quality of life (QOLIF) ( $r = 0.092$ ). When considering the correlation between all observable variables, it was found that the  $r$  value was less than 0.80. The correlation showed that the observable variables did not manifest the problem of multicollinearity, meaning the data were suitable for structural equation modeling analysis.

The Goodness of Fit Index (GFI) and the Adjusted Goodness of Fit Index (AGFI) in the confirmatory factor analysis demonstrated the fitness between the hypothesized model and the observed covariance matrix (by which GFI = 0.97 and AGFI = 0.96). Fundamentally, the range score of GFI and AGFI is between 0–1, and the value which is close to 0.90 or higher shows a relatively

good fit. Other fit indices also showed acceptability of fitness ( $\chi^2 = 287.69$ ;  $df = 185$ ;  $\chi^2/df = 1.55$  ( $p < .001$ ); RMSEA = 0.041; RMR = 0.38; structural validity = .815; convergent validity = .521).

Regarding the path analysis, as shown in Table 2, products and services had the highest total effects on the development of OTOP Nawatwithi tourism community enterprises at a significance level of .01 ( $p = .87$ ), while the  $p$  values of their direct effects and indirect effects were .50 and .37, respectively. Next, integrated marketing achieved the second highest total effects at a significance level of .01 ( $p = .82$ ). At a significance of .05, the  $p$  values of the total effects of good management and community participation on the development were .75 and .71, respectively.

According to the interviews and focus group discussions, the additional analysis of factors influencing the development of OTOP Nawatwithi tourism community enterprises is narrated below.

First, the analysis of community participation showed that there was the opportunity for community members to participate in every process of each activity. The community members organizationally managed the community enterprises together, elected the committee executives, and solved problems and obstacles in the community with one another. They also participated in regular meetings. They could share and exchange opinions and suggestions in order to solve community problems and develop community products and services. The indicators of this factor included problem analysis, operational planning, activity arrangement, and evaluation.

**Table 2** Causal relationships between key factors and the development of OTOP Nawatwithi tourism community enterprises

Factors	Causal Relationships		
	Direct	Indirect	Total
Community Participation (COMPA)	0.52	0.19*	0.71*
Good Management (GOMNG)	0.58	0.17*	0.75*
Products and Services (PRSER)	0.50	0.37*	0.87**
Integrated Marketing (INMKT)	0.47**	0.35	0.82**

Note: \*  $p < .05$ , \*\*  $p < .01$ .

Source: Obtained from primary data (2022)



Second, in terms of good management, it was found that team management was important for driving community enterprises. This started from the appointment of management team members, including a board of directors, the board chairman, and members of the community enterprises. Furthermore, it was suggested that clear goals must be set, and understanding among the community members must be raised. The management team must be open to various sources of useful information and knowledge, depending on the transfer of knowledge from experts, government agencies, and knowledgeable people in the community. This could ultimately create a strong identity of the community. In addition, member satisfaction management could enhance cooperation, devotion, and creativity. These qualities could lead to excellent community products that will attract future tourists to visit the community more than once. As a result, it could be expected that more community incomes would be generated, local people could rely on themselves, and everyone could sustainably achieve a better quality of life. The indicators of this factor included knowledge management, team management, and member satisfaction management.

Third, regarding products and services, it was important to fulfill the demands of the tourists by offering community products which were good-quality, unique, creative, safe, and environmentally friendly. By using local materials, the capital costs could be reduced. The products had to be distinct from the products from other areas and offered in various styles. The products could be processed or enhanced by modern technology that added value to them. Local wisdom was passed down as the community's set of knowledge. Local labors were hired in order to distribute community revenues. The community products were developed to reach universal standards and achieve both national and international rewards. The indicators of this factor included access to raw materials, attractiveness, and value-added.

Lastly, concerning integrated marketing, it was found that consumer-engaged marketing could provide excellent experiences to the customers. Because of the rapid changes in today's way of life and the COVID-19 pandemic, it was also crucial to use a variety of communication channels to contact with the consumers, especially online channels. Therefore, online integrated marketing was required for approaching the customers and all stakeholders timely and effectively. This helped to understand their genuine demands and problems and give them opportunities to share opinions. Regular interactions could lead to stronger bonds between the community enterprises and their target groups. Ultimately, more

community revenues and better community image could be achieved. The indicators of this factor included consumer-engaged marketing, various communication channels, and consumer insight.

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## Discussion

With regards to the local people's quality of life, the goal of this research is to develop a guideline model for tourism community enterprises under the OTOP Nawatwithi Project. In this research, the mixed methods research was applied by which a questionnaire survey, in-depth interviews, and a focus group were conducted for collecting data. 360 samples participated in the questionnaire surveys. 15 samples were interviewed, and 10 samples participated in the focus group discussion. The research results are discussed below in detail.

The quantitative research results showed that there were 4 factors representing the development of the OTOP Nawatwithi tourism community enterprises, which included quality of goods and services (QUAGS), number of tourists (NUTOU), community incomes (COMIN), and quality of life (QoL). Meanwhile, the positive correlations between community participation, good management, products and services, and integrated marketing had a positive impact on the development. Evaluated and tested by the coefficient of determination ( $R^2$ ), the independent variables had a positive relationship with the dependent variables. The model developed by the Structural Equation Modeling (SEM) method was proved to be consistent with the empirical data. There were 18 observed variables with positive standardized factor loadings ( $\beta$ ) sizing between 0.53 and 0.78. The observed variable with the highest factor loading was Knowledge Management (KNMNG) under the Good Management (GOMNG) category ( $\beta = 0.78$ ). In contrast, the observed variable with the lowest factor loading was Problem Analysis (PROBA) under the Community Participation (COMPA) category ( $\beta = 0.53$ ). Measured by the coefficient of determination analysis, the variables in the model could explain the variance of Products and Services (PRSER) at 57 percent ( $R^2 = 0.57$ ) as well as integrated marketing at 45 percent ( $R^2 = 0.45$ ). According to the latent variable correlation matrix, the correlation coefficients of the latent variables ranged between 0.092 and 0.613 at significance levels of .05 and .01. Quality of Goods and Services (QUAGS) and Number of Tourists (NUTOU) had the highest correlation ( $r = 0.613$ ), while Problem Analysis (PROBA) and Quality of Life (QoL) had the lowest correlation ( $r = 0.092$ ).

In terms of the qualitative research results, the opportunities for community participation in problem analysis, operational planning, activity arrangement, and evaluation were crucial for the development of the OTOP Nawatwithi tourism community enterprises. Team management and member satisfaction management were also important for driving the community enterprises and community product development. Local resources, including local labor force and local wisdom, could be used for enhancing the community products and services efficiently. Integrated marketing, especially online marketing channels, was highly recommended.

Based on the combination of the quantitative and qualitative research findings, the guideline for OTOP Nawatwithi tourism community enterprises was developed as summarized in Figure 2.



**Figure 2** The Guideline for OTOP Nawatwithi Tourism Community Enterprises Development  
Source: Obtained from primary data (2022)

According to Figure 2, first of all, the community enterprise members must give importance to good management in order to develop OTOP Nawatwithi tourism community enterprises. This includes knowledge management, knowledge acquisition, local wisdom integration, team management, team network expansion, and member satisfaction management. The good management is the foundation of the entire development process. Simultaneously, there are three other pillars supporting the development, including community participation, integrated marketing, and good-quality products and services. Community participation activities consist of problem analysis, action planning, activity engagement, and collective evaluation. Integrated marketing involves the development of distribution channels, customer insight, and participatory marketing. Good-quality products and services can be achieved by effective raw material management, application of modern technologies, product differentiation, and value-added process. The expected outcomes of the guideline application are the increases in the number of tourists and community incomes, which ultimately lead

to better quality of life of the community enterprise members and the local people living in the OTOP Nawatwithi villages.

For future studies, other factors potentially associated to the development of the OTOP Nawatwithi tourism community enterprises, for instance, public sector management quality award (PMQA), sustainable operations, personnel capacity development, and budgetary and financial management, should be explored in order to discover more alternative solutions and opportunities to promote the development.

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### Conflict of Interest

The author declares that there is no conflict of interest.

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