



# Factors affecting tourism business effectiveness on the Andaman Sea coast of Thailand

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## Abstract

This research examines factors affecting tourism business effectiveness on the Andaman Sea coast of Thailand. This study was quantitative research. 450 questionnaires from owners or executives of the tourism businesses were received. The data were then analyzed using Lisrel software. The finding of this study shows that the constructed SEM was in the appropriate criteria. It was found that competitive advantage had a positive direct effect on effectiveness, corporate social responsibility (CSR) had a positive indirect impact on effectiveness through competitive advantage, Innovation had a positive indirect effect on effectiveness through competitive advantage and social media had a positive indirect effect on effectiveness through competitive advantage.

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## Introduction

The research studies in the area of Andaman Sea coast of Thailand indicate that the tourism businesses have many problems and for solving them, the business should focus on effectiveness and competitive advantage (Na Takuathung et al., 2020), cooperate social responsibility (CSR), (Chaikul et al., 2019), innovation in business (Ouikhum & Tantrakul, 2020) and social media (Yusuwapun, 2021). In addition, the crisis from COVID-19 brought a terrible effect on the tourism business, so by getting support from the study and action can help the tourism business to survive (Polyakov et al., 2020). The tourism business in the south, which of course

includes the Andaman Sea coast, encounters problems that are consistent with various factors. According to the study by Jankingthong and Jankingthong (2021), who studied the potential development of tourism business entrepreneurs in the south of Thailand, tourism businesses in the southern region should pay attention to the results of their business operations in order to achieve their objectives by developing competitive abilities and also always inventing and presenting new services or developing new forms of tourism programs. Such needs to focus on online marketing to reach more tourists as well as conducting business with moral and ethical principles. There are not many research studies on the factors affecting the effectiveness of the tourism business on the Andaman Sea coast of Thailand, and most of the previous studies were done before the COVID-19 epidemic, so the researcher was interested in studying what factors affect the effectiveness of tourism business on the Andaman Sea coast of Thailand.

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## Literature Review

Effectiveness in business has both financial and non-financial nature. Profit considered as business effectiveness is the net income from the sale of goods/services after deducting various expenses, and when it comes to non-financial effectiveness. Effectiveness means the results reflect the ability to operate efficiently or reach the goals that the organization had set (Steers, 1975; Campbell, 1977). In addition, Arpornphisarn (2017) said that another important component of effectiveness is business reliance because the such helps businesses to survive. Thus, effectiveness refers to actions in various areas that are intended to produce both quantitative and qualitative results. The result may be the success of an individual, group, or business (Gibson et al., 1982).

Samsir (2018) views that the competitive advantage of a business comes from trying to run a business in various areas to beat competitors. In addition, the competitive advantage theory states that a business can attain a competitive advantage from costs of operation that are lower than competitors (Porter, 1985). Product/service differentiation results from creating a signature that is unique and distinctive indicating the identity of the business, another element is responding to customers' needs because meeting needs is an effort to impress customers (Tintara & Respati, 2020; Potjanajaruwit, 2018). Moreover, Yang et al., (2018) and Khan et al. (2019) specify that competitive advantage directly affects effectiveness.

In running a business, corporate social responsibility (CSR) will inevitably be involved because the company must comply with the law, ethics, and societal support (Carroll, 1983). The Thaipat Institute (2022) defined the meaning of corporate social responsibility as an organization's operating system that connects with stakeholders such as customers, communities/societies, and the environment. The business must take care of the impact arising from its operations including creating value and helping society as much as possible. The previous studies indicate that corporate social responsibility indirectly affects effectiveness through competitive advantage (Khan et al., 2019; Zhao et al., 2019; Ferreira & Coelho, 2020).

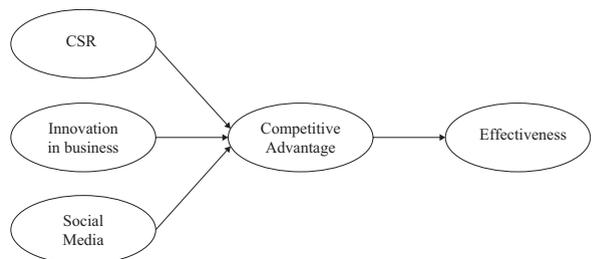
Innovation is the introduction of something new or a significant improvement of an existing product/service. Acquisition of innovation is usually done by business owners and employees at all levels (Patky & Pandey, 2020; Boh et al., 2020). Elements of business innovation that businesses should focus on are service innovation, corporate innovation and research and development.

(Alves et al., 2018; Conesa et al., 2017; Hanif & Asgher, 2018). More than that, the study by Udriyah et al. (2019) found that innovation in business indirectly affects effectiveness through competitive advantage.

Social media is a group of Internet-based applications built on Web 2.0 technology foundations that allow users to create content and exchange information (Kaplan & Haenlein, 2010). Social media is a consumer media that covers online resources and is used by consumers. It is also able to share information related to any other topic of interest (Kohli et al., 2015). Social media is important for business in terms of accessibility, interaction and relation (Bakri, 2017; Qalati et al., 2020; Choonhawong & Phumsathan, 2022). Previous studies also found that social media indirectly affect effectiveness through competitive advantage (Chen & Lin, 2021; Mohammad & Wasiuzzaman, 2021).

## Conceptual Framework

Figure 1 shows The Conceptual Framework.



**Figure 1** Conceptual Framework

## Hypothesis

H1 Competitive advantage has a positive direct effect on effectiveness

H2 CSR has a positive indirect effect on effectiveness through competitive advantage

H3 Innovation in business has a positive indirect effect on effectiveness through competitive advantage

H4 Social media has a positive indirect effect on effectiveness through competitive advantage

## Methodology

The research was quantitative research, determination of sample size using a population of 1,968 tourism businesses (Tourism Business and Guide Registration Office, Southern Branch 2, 2021), and the sample size

was calculated by considering the number of observable variables. There were 15 observable variables. When using a 20:1 ratio (Schumacker & Lomax, 2010), the sample size of 300 tourism businesses was obtained, and then the tourism businesses on the Andaman Sea Coast of Thailand were selected as representative of the sample by using a probability sampling method and choosing a simple random sampling method. Therefore, as the questionnaire may be incomplete, the number of questionnaires was increased proportionally, and finally, the questionnaires were collected from 450 tourism businesses. The instrument used in this research was a questionnaire divided into 2 parts: part 1, personal questions of the respondents, and part 2, questionnaire covering the factors of effectiveness, competitive advantage, corporate social responsibility, innovation in business, and social media. Responses were given on a rating scale divided into five levels.

For the structural model assessment, Cronbach’s Alpha Coefficient was analyzed (Cronbach, 1990) where the alpha coefficient must be higher than 0.7 to indicate high reliability (Hair et al., 2010). The NNFI should be valued in the range of 0–1. Values close to 1 indicate high harmony between the model and the data (Bollen, 1989). The CFI should be in the range of 0-1, and the closer to 1, the more harmonious (Hu & Bentler, 1999). A CFI index of at least 0.90 (Hair et al., 2010). RMSEA should have a value between 0.05-0.08 indicating that the model is quite consistent with the empirical data. (Kline, 2015). The SRMR (Standardized Root Mean Square Residual) must not be higher than 0.08 (Hair et al., 2010).

## Results

### Structural Model Assessment Results

The sample consisted of 450 tourism businesses. The result of general information showed that the highest position was a business owner (62%) and the rest were executives, most types of tours were domestic (47.8%) and the rest were inbound and outbound tours. While most of the samples had registered capital of 500,000 Baht or

more (26.4%), the rest had less than 500,000 Baht. Finally, most of the sample had 4–10 employees (56.2%) and the rest were 1–3 employees and more than 10 employees. The result of the study found that RMSEA was 0.079, NNFI was 0.99, CFI was 0.99, and SRMR was 0.029, which revealed that the model was consistent with the empirical data as the index values were in the suitable criteria. In Table 1, Cronbach’s Alpha result shows that all of the observed variables were above 0.7, thus all observed variables used in this study can be considered reliable.

From Figure 2 and Table 2, it was found that competitive advantage had a positive direct effect and significance on effectiveness (coefficient = 0.91,  $p < .01$ ); thus, H1 was supported, while corporate social responsibility (CSR) had a positive indirect effect and significance on effectiveness through competitive advantage (coefficient = 0.27,  $p < .01$ ). Thus, H2 was supported. Innovation had a positive indirect effect and significance on effectiveness through competitive advantage (coefficient = 0.52,  $p < .01$ ); thus, H3 was supported. Social media had a positive indirect effect on effectiveness through competitive advantage (coefficient = 0.11,  $p < .01$ ). Thus, H4 was supported.

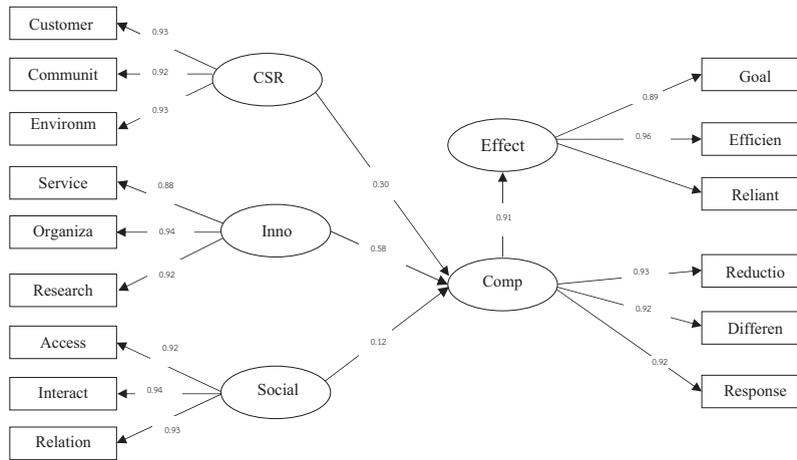
**Table 1** Cronbach’s Alpha result

Variable	N of Items	Cronbach’s Alpha
Effectiveness		
Goal	4	.893
Efficiency	4	.897
Reliant	3	.821
Competitive advantage		
Reduction	3	.885
Difference	4	.883
Response	3	.871
CSR		
Customer	3	.854
Community	3	.874
Environment	3	.853
Innovation in business		
Service	3	.816
Organization	3	.842
Research	3	.829
Social media		
Access	3	.873
Interactive	3	.850
Relation	3	.861

**Table 2** Results of the Direct Effect (DE), Indirect Effect (IE), and Total Effect (TE)

Latent variables	Latent variables					
	Competitive advantage			Effectiveness		
	DE	IE	TE	DE	IE	TE
Competitive advantage	-	-	-	0.91**	-	0.91**
CSR	0.30**	-	0.30**	-	0.27**	0.27**
Innovation in business	0.58**	-	0.58**	-	0.52**	0.52**
Social media	0.12**	-	0.12**	-	0.11**	0.11**

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



**Figure 2** Structural Model Analysis

## Conclusion and Recommendations

Competitive advantages had a direct effect on effectiveness, which is similar to another study (Yang et al., 2018). The competitive advantage theory indicates that cost reduction, differentiation, and a quick response will give the business an edge over the competition in the market and enable businesses to operate effectively (Porter, 1985). It was shown that operations to achieve competitive advantages for tourism businesses on the Andaman Sea coast of Thailand consist of 3 aspects, namely, cost reduction, differentiation, and responsiveness.

Corporate social responsibility had an indirect effect on effectiveness through competitive advantage. This finding means the activities that the tourism business had done in 3 areas: customer, community/society, and environmental could gain a competitive advantage and affect the effectiveness of the tourism business on the Andaman Sea coast of Thailand. The stakeholder theory states that a business that is able to fill stakeholder satisfaction will result in being able to operate efficiently, creating a competitive advantage that will affect effectiveness as well (Freeman, 1984). This is similar to the study by Villegas et al. (2018), who indicated that corporate social responsibility can help business to gain advantages in various operations over competitors in the market. And, this advantage inevitably affects the effectiveness of the business in the end. Innovation in business indirectly affects effectiveness through competitive advantage. According to the innovation theory, innovation can create a competitive advantage within the organization by producing or renovating a thing to be new or better (Schumpeter, 1934), similar to

another study (Udriyah et al., 2019). This finding means that the activities related to the innovation of the tourism business on the Andaman Sea coast of Thailand consisting of 3 areas: service innovation, organizational innovation, and research and development, could create a competitive advantage that can affect the effectiveness of the tourism business on the Andaman Sea coast of Thailand.

Social media had an indirect effect on effectiveness through competitive advantage. This finding means tourism businesses on the Andaman Sea coast of Thailand that used social media in 3 aspects, namely, access, interactive, and customer relationship, could provide a competitive advantage that would influence the effectiveness of the tourism business on the Andaman Sea coast of Thailand. This is according to the social exchange theory, which states that business can be effective when starting to communicate with customers (Blau, 1964). Such also corresponds to Lin and Geertman (2019), and Chen and Lin (2021), who pointed out that social media is a key factor in today's businesses' communication and could compete over competitors in the market, which will definitely affect business effectiveness in the end.

## Recommendation

### *Recommendation for Business Owners Executives*

The owner or executives of tourism businesses on the Andaman Sea coast of Thailand should focus on the competitive advantage factor in terms of reducing operating costs, making differentiation in services, and giving a quick response to customers in order to stand out from competitors and meet the needs of customers.

Moreover, tourism businesses should focus on corporate social responsibility in dimensions of customer, environment, and community as businesses need to be accepted by the customer, community, and society in order for the business to run smoothly.

The owner or executives should create innovation for the business (Yodchai et al., 2021) such as services innovation, organizational structure, and research and development, which will affect the competitive advantage that will indirectly affect the effectiveness of the tourism business further.

Nowadays, social media is one of the most important factors, so owners or executives should pay attention to the use of social media in accessing, interacting, and keeping more relationships with customers.

More than that, the government should provide training and knowledge, for example, inviting knowledgeable speakers to continually pass on their knowledge to reduce costs, making business to be differentiating, including encouraging tourism businesses to pay attention to the term of CSR, social media and innovation for making better business effectiveness.

### Recommendation for Future Studies

As this was a quantitative study, future researchers should do qualitative research to gain more information in-depth from the owner or executive of the tourism business; thus, the result of the study can benefit the tourism businesses on the Andaman Sea coast of Thailand for sustainability.

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### Conflict of Interest

The authors declare that there is no conflict of interest.

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