*Corresponding Author's Email: araya_aa@hotmail.com
Proceedings of the Global Conference on Business, Management, and Marketing
Vol. 1, Issue. 2, 2024, pp. 12-18
DOI: https://doi.org/10.33422/bmmconf.v1i2.872

ISSN: 3030-0592 online

Social Return on Investment for a Community Tourism Information Center, Ban Thung Man Nuea, Lampang, Thailand

Araya Ariya[1*], Piraprob Junsantor[1], Bundit Busaba[1], Kritiya Ariya[2] and Sairung Thita[2]
[1] Faculty of Management Science, Lampang Rajabhat University, Thailand
[2] Faculty of Education, Chiang Rai Rajabhat University, Thailand

Abstract

The tourism industry is one of the important components for Thailand's GDP. In 2022, the tourism industry directly contributed 2.78 percent to GDP in Thailand. The Thailand government supports the tourism industry, especially community-based tourism, because of increasing community citizen income. Ban Thung Man Nuea is one of the villages in Lampang province, Thailand. The famous product is the rice crackers, which is exported to other provinces in Thailand and overseas. The community tourism information center was established to market this town to the rest of Thailand and beyond in 2021. After three years, the social return on investment (SROI) is assessed. The purpose of this study is to illustrate the SROI of a community tourism information center in order to evaluate its value. The study found that the social return on investment (SROI) was 0.60 in the first year, 0.80 in the second year, and 1.08 in the third year. The average SROI over three years is 0.83. Despite this, 0.83 indicates that the returns pay for social services less than the cost. The findings, however, show that the investment in the community tourism information center at Ban Thung Man Nuea in Lampang, Thailand, has resulted in favorable benefit trends. It can forecast the village's future economic growth. That means the investment in the community tourism information center is worthwhile.

Keywords: social return on investment, SROI, tourism information center, community-based tourism

1. Introduction

The tourism industry is one of the important economic engines for Thailand. Before COVID-19, this industry contributed 18 percent of Thailand's GDP (about 87 million dollars). Additionally, it employs nearly 7 million Thai citizens, accounting for 20% of the nation's entire workforce in 2019 (Bank of Thailand, 2023). Unfortunately, when COVID-19 arrived, all countries' economies fell, including Thailand. Finally, the World Health Organization (WHO) declared the pandemic would cease on February 5th, 2023(United Nations, 2023).

However, the pandemic severely damaged Thailand’s economy. It resulted in a sudden halt in tourism flows and a considerable drop-in economic activity. Thailand's GDP fell by 6.1% in 2020. The stoppage of visitor traffic has particularly hit the tourism sector, which contributes one-fifth of GDP and 20% of employment (Kaendera & Leigh, 2021). Thailand encountered continuously decreasing GDP not only during pandemic but also post-pandemic. Thus, the Thailand government, particularly the Ministry of Tourism & Sports of Thailand (MOTS), always works hard to boost the tourism industry. Community-based tourism is one of MOTS’s projects aimed at encouraging tourism. Thailand, excluding Bangkok, comprises 76 provinces, 878 districts, and 7,255 subdistricts (Department of Provincial Administration, 2024).

Community-based tourism (CBT), which originated in Thailand during the 1990s, advocates for the concept of local residents conducting tourism for the benefit of the local community. This framework is a solution for sustainable tourism, as it empowers local residents to be the principal decision-makers in their tourism development and ensures they reap the full benefits. Long-term residents are more motivated to reconcile economic expansion with the socio-cultural and environmental consequences of tourism operations (Rungchavalnont, 2022). Ban Thung Man Nuea is a village in Lampang Province, Thailand, that promotes community-based tourism. The renowned product is the rice crackers, which is exported to other areas in Thailand as well as internationally. Besides rice crackers, Ban Thung Man Nuea boasts other fascinating natural and cultural attractions. A community tourism information center was established in 2021 to promote community-based tourism in this hamlet.

The community tourism information center includes 1) the tourist information center office, 2) a tourist guide billboard map that can be scanned on mobile devices to view each attraction, and 3) the Ban Thung Man Nuea website. After the attractions were promoted on website, the number of visitors increased, including Thais and foreigners. After three years, from 2021 to 2024, it is necessary to evaluate the value of investing in the community tourist information center. Social Return on Investment (SROI) is an instrument for evaluating this project.

This paper is organized as follows. The literature on social return on investment is reviewed in section 2. The research methodology is described in section 3. The results and discussion, and conclusions are illustrated in section 4 and 5, respectively.

2. Literature Reviews

For many decades, many projects have been evaluated by traditional investment assessment techniques such as net present value (NPV), internal rate of return (IRR), benefit cost ratio (B/C ratio), and payback period (PB) (Maldonado & Corbey, 2016). However, these techniques assess the investment exclusively in terms of economic value. In 1996, the Roberts Enterprises Development Fund (REDF), which offers long-term grants to organizations operating businesses for social benefit, first proposed the social return on investment model (SROI). Through the use of the SROI tool, the REDF was able to evaluate its investments through the lens of social impact. Because of this, they were able to make well-informed decisions regarding investments that maximized the social rewards. The social return on investment model is a framework that is governed by principles that assist organizations in comprehending and quantifying the social, environmental, and economic value. There is a departure from the conventional financial measurements. Start this year, SROI has become a widely used method for evaluating various projects.

SROI is widely used for evaluating many tourism industry projects. For instance, Bellucci et al. (2023) used SROI to look at the capability approach in tourism research. This gave them a better understanding of disability and a better way to report on the effects of losing a job.

Nantsupawat et al. (2022) evaluated the societal return on investment of information pertaining to SPA Lanna, Thailand. The results indicated that the knowledge base in SPA Lanna can ensure income sustainability for therapists, SPA product cultivators, and SPA product entrepreneurs. Baqaain and Wang (2021) examined the social impact of tourism on residents from diverse societies and cultural backgrounds. The findings demonstrated that tourism development is positively received by various host communities, particularly during the initial phase of growth.

To summarize, SROI stands for "social return on investment," and it is a method for calculating and comprehending the monetary, social, and ecological benefits of an enterprise. It becomes much more important when the effect extends beyond monetary results and contributes to the overall societal advantages. The SROI comprises six stages as defined by the UK Cabinet Office (The SROI Network Accounting for Value, 2018; Ramli et al., 2016). Figure 1 illustrates these stages as a research framework.

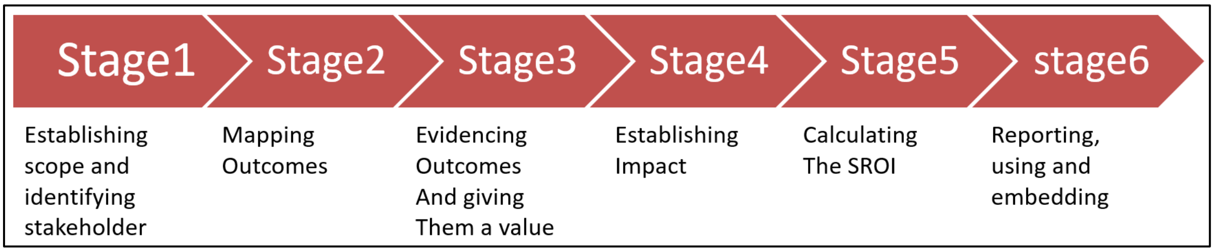

Figure 1. stages of SROI
Sources: Ramli, Aiyub, & Arifin (2016)

- **Stage1: Establishing scope and identifying key stakeholders.** This phase is intended to establish distinct boundaries regarding the scope of the SROI analysis, as well as the individuals and methods that will be employed in the process.
- **Stage2: Mapping Outcomes.** This phase illustrates the correlation between inputs, outputs, and outcomes
- **Stage3: Evidencing outcomes and giving them a value.** This phase entails the acquisition of data to demonstrate the existence of outcomes and the subsequent assessment of their value.
- **Stage4: Establishing impact**. After the evidence on outcomes has been collected and monetized, the aspects of change that would have occurred regardless or are the result of other factors are excluded from consideration.
- **Stage5: Calculate SROI.** This phase entails the summation of all benefits, the subtraction of any drawbacks, and the comparison of the resulting figure to the investment. This is also the point at which the results' sensitivity can be evaluated. SROI value can be calculated by equation 1.

$$Social\ Return\ on\ Investment\ (SROI) = \frac{Adjusted\ Social\ Impact\ Value\ Created}{Cost\ of\ Investment} \tag{1}$$

- **Stage6:** Reporting, using and embedding. The crucial final phase, which is easily overlooked, entails the sharing of findings with stakeholders and the subsequent response, as well as the integration of position outcomes processes and the verification of the report.

3. Research Methodology

This paper aims to evaluate the social return on investment (SROI) for a community tourism information center at Ban Thung Man Nuea, Lampang, Thailand. A quantitative analysis was applied in this paper. The population is 834 people living in 315 households. This study employs the notion of purposive sampling. The data was gathered from 30 volunteers in Thung Man Nuea village, Lampang Province and 15 stakeholders.

The framework of this study is illustrated in figure 1 as the stage of SROI. Therefore, this study operates in six stages: 1) establishing scope and identifying key stakeholders, 2) mapping outcomes, 3) evidencing outcomes and giving them a value, 4) establishing impact, 5) calculating SROI, and 6) reporting, using, and embedding.

The SROI is computed using Equation 1. The output presents three definitions. Firstly, an SROI number exceeding 1 indicates that the project is worthwhile. Secondly, an SROI value of 1 indicates that the project is equitable. Ultimately, if the SROI is below 1, it indicates that the project is unsuccessful or not worthwhile.

4. Results

In this section, the findings are illustrated in six stages according to the SROI framework depicted in Figure 1.

4.1 Stage1: Establishing Scope and Identifying Key Stakeholders

The stakeholders of the community tourism information center in Ban Thung Man Nuea, Lampang, Thailand consist of four groups: 1) village residents, 2) project participants (30 individuals), 3) tourists, and 4) government sector.

4.2 Stage2: Mapping Outcomes

Stakeholders are assigned the following outcomes of this project as shown in Table 1.

Table 1. Mapping outcome*s*

Stakeholders	Outcomes
1) village residents	• Unity in the community • New opportunity for increasing income
2) project participants (30 individuals)	• Improved economic situation
3) tourists	• Got a new sightseeing
4) government sector	• Save cost of village development

4.3 Stage3: Evidencing Outcomes and Giving Them a Value

Table 2 illustrates the mapping of evidencing outcomes, indicators, and proxy. Indicators are measurable metrices that offer insight into the outcomes, while proxy is substitute or approximate measure that is employed to attribute a monetary value to an outcome that lacks a direct market value.

Table 2. Evidencing outcomes and giving them a value

Stakeholders	Outcomes	Indicators	Proxy
1) village residents	• Unity in the community • New opportunity for increasing income	• Time spending between civilian in the village • Increasing income	• Opportunity cost (Time spending between civilians) • income
2) project participants (30 individuals)	• Improved economic situation	• Increasing income • Time spending with family	• Income
3) tourists	• Got a new sightseeing	• A number of tourists	• Cost of sightseeing
4) government sector	• Save cost of village development	• A number of civilians who request the government services	• Government budget for developing this village

4.4 Stage4: Establishing Impact

The established impact reveals four aspects of change that would have appeared independently or are attributable to other factors, which are excluded from consideration. These four aspects are deadweight, drop-off, attribution, and displacement. The established impact is present in Table 3.

Table 3. The established impact

Year of project	Deadweight	Drop-off	Attribution	Displacement
1	25%	0%	0%	25%
2	25%	25%	0%	25%
3	25%	50%	0%	25%
4	25%	75%	0%	25%
5	25%	100%	0%	25%

Deadweight is an assessment of the value that would have been generated had the program's actions not occurred. In this analysis, the deadweight is allocated annually at 25 percent, as the outcome would have transpired, albeit to a constrained degree.

Drop-off acknowledges that outcomes may persist for many years; however, future outcomes may diminish or remain unchanged, influenced by various factors. The drop-off rate quantifies the annual percentage decline in the value of the outcome. This paper assigns a drop-off rate of 0% for the first year. The drop-off rates from year 2 to year 5 are assigned as 25%, 50%, 75%, and 100%, respectively.

Attribution indicates that the investment and primary program activity do not solely account for all the value generated. This study asserts that the outcomes of the community tourism information center in Ban Thung Man Nuea, Lampang, Thailand, are solely attributable to the activity, with no contributions from other programs or organizations. The attribution is allocated zero percent for each year.

Displacement measures the extent to which certain activities supplant alternative outcomes. This paper allocates the displacement annually at 25 percent, reflecting the outcome that would have occurred, albeit to a limited extent.

4.5 Stage 5: Calculate SROI

The direct expenses associated with this project encompass the implementation cost of the tourist information center, amounting to 350,000 THB, the expenditure for the billboard map at 30,000 THB, the investment in presentation devices, including television, speakers, microphones, etc., totaling 80,000 THB, and the cost for tourist brochures, which is 20,000 THB. The training cost amounts to 30,000 THB, representing the indirect expense. The adjusted social impact value creation for the years 2022, 2023, and 2024 are 305,000 THB, 410,000 THB, and 521,000 THB, respectively. The SROI values are computed using Equation 1; thus, the SROI values from 2022 to 2024 are presented in Table 4. Furthermore, Figure 2 illustrates the trends chart of the SROI value for the community tourism information center in Ban Thung Man Nuea, Lampang, Thailand.

Table 4. SROI calculations

Year	Adjust Social Impact Value Created (THB)	Cost of Investment (THB)	SROI
2022	305,000	510,000	0.60
2023	410,000	510,000	0.80
2024	521,000	510,000	1.08
Average SROI for three years			**0.83**

Year	SROI
2022	0.60
2023	0.80
2024	1.08
Average 3 years	**0.83**

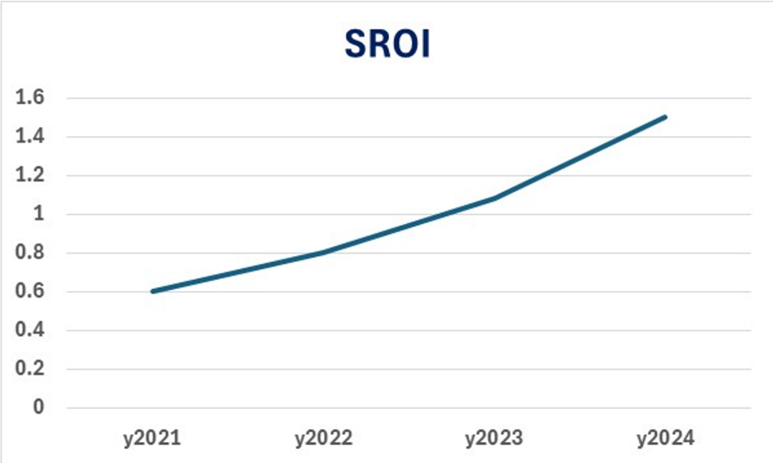

Figure 2. Trends of SROI value of the community tourism information center in Ban Thung Man Nuea, Lampang, Thailand

4.6 Stage 6: Reporting, Using and Embedding

Based on the findings of stage 5, it is evident that the return on investment (ROI) for the initial two years (2022-203) is lower than one. The community tourism information center in Ban Thung Man Nuea, which is located in Lampang, Thailand, is not worth the effort, according to this. In contrast, the SROI in 2024 is larger than the one, which indicates that this project is deserving of consideration. Based on the rising patterns of SROI, which are depicted in Figure 2, it is possible to deduce that this project will be worthwhile in the long run.

Furthermore, the results indicate that 75 percent of village residents have gained a new opportunity to enhance their income through the establishment of tourism-related businesses. Furthermore, 80 percent of project participants experienced an enhancement in their economic circumstances. Additionally, over two new attractions were created for tourists. The government sector can reduce village development costs by 10 percent.

5. Conclusion

This study aims to demonstrate the Social Return on Investment (SROI) of a community tourism information center to assess its value. The research indicated that the social return on investment (SROI) was 0.60 in the first year, 0.80 in the second year, and 1.08 in the third year. The mean Social Return on Investment (SROI) over a three-year period is 0.83. Nonetheless, a value of 0.83 suggests that the returns do not sufficiently cover the expenses associated with social services. The findings indicate that the investment in the community tourism information center at Ban Thung Man Nuea in Lampang, Thailand, has produced positive benefit trends. The model can predict the future economic growth of the village. The investment in the community tourism information center is justified.

The community may still experience issues with the environmental effects of tourism, particularly waste, even if the functioning of the tourism community information center in Tung Man Nuea Village has increased tourism revenue and helped locals learn more about the area. In order for the community to conserve natural resources for tourism as a legacy, collaboration in environmental conservation and preservation should be encouraged among residents, business owners, and visitors.

References

Bank of Thailand. (June 2022). *How is Thai tourism recovering spatially?* (In Thai). https://www.bot.or.th/th/research-and-publications/articles-and-publications/articles/chaengsibia/article-2023jun13.html

Baqaain, J. and Wang, S. (2021). Social Impacts of Tourism Perceived by Host Communities – A Review Paper. *Events and Tourism Review, 4*(2), 36-48. https://doi.org/10.18060/25965

Bellucci, M., Biggeri, M., Nitti, C., and Terenzi, L. (2023). Accounting for disability and work conclusion in tourism. *Annals of Tourism Research, 98*, 1-18. https://doi.org/10.1016/j.annals.2022.103526

Department of Provincial Administration. (2024). *National Administrative Information* (In Thai). https://multi.dopa.go.th/secofdopa/news/cate10/view475

Kaendera, S. and Leigh, L. (June 2021). *Five Things to Know About Thailand's Economy and COVID-19*. International Monetary Fund (IMF).

Maldonado, O. M. and Corbey, M. (2016). Social Return on Investment (SROI): a review of the technique. *Maandblad voor Accountancy en Bedrijfseconomie, 90*(3), 79 – 86. https://doi.org/10.5117/mab.90.31266

Nantsupawat, A., Kunaviktikul, W., Abhicharttibutra, K., Wichaikhum, O.-A., Thungjaroenkul, P., Vadtanapong, S., and Jaiwilai, W. (2022). An Assessment of Social Return on Investment of Knowledge Set on SPA Lanna. *Modern Management Journal, 20*(2), 157-169.

Ramli, D. R. D., Aiyub, K., and Arifin, K. (2016). Social Return on Investment (SROI) Framework for Measuring the Real Value of Sungai Muda, Flood Mitigation Program. *Geografi, 4*(2), 92-99.

Rungchavalnont, P. (November 2022). *Community-Based Tourism: Empowering Local Champions for Sustainable Tourism in Thailand*. https://www.undp.org/thailand/blog/community-based- tourism-empowering-local-champions-sustainable-tourism-thailand

The SROI Network Accounting for Value. (January 2012). *A guide to Social Return on Investment.* https://www.socialvaluelab.org.uk/wp-content/uploads/2016/09/SROI-a-guide-to-social-return-on-investment.pdf

United Nation. (February 2003). *WHO chief declares end to COVID-19 as a global health emergency*. https://news.un.org/en/story/2023/05/1136367