Spatial innovations development to enhance the community’s foundation economy by creating added value of products with cultural capital in Samut Songkhram Province

Cholpassorn Sitthiwarongchai
Suan Sunandha Rajabhat University, Thailand
Email: cholpassorn.si@ssru.ac.th

Chutikarn Sriviboon
Suan Sunandha Rajabhat University, Thailand
Email: chutikarn.sr@ssru.ac.th

Chumpon Rodjam
Suan Sunandha Rajabhat University, Thailand
Email: chumpon.ro@ssru.ac.th

Panida Ninaroon
Suan Sunandha Rajabhat University, Thailand
Email: panida.ni@ssru.ac.th

Wutipong Janmuangthai
Suan Sunandha Rajabhat University, Thailand
Email: wutipong.ja@ssru.ac.th

Abstract---Recently, spatial innovation is the necessary element that enhances value-added products and leads towards strengthening the community foundation economy. Hence, the current article investigates the impact of spatial innovation and cultural capital on the strong community foundation economy in Samut Songkhram Province, Thailand. The current research also investigates the mediating impact of value-added products among the linkage of spatial innovation, cultural capital and strengthen community foundation economy. The current study has applied the questionnaires to collect the data from selected respondents. The present article has also applied the smart-PLS to check the validity and association among variables. The results revealed that spatial
innovation and cultural capital have positive and significant linkage with strengthen community foundation economy. The results also indicated that value-added products significantly mediate among the linkage of spatial innovation cultural capital and strengthen community foundation economy. The article has guided the policymakers while developing regulators regarding strengthen community foundation economy using spatial innovation and cultural capital.

**Keywords**—spatial innovation, cultural capital, value-added products, strengthen community, foundation economy.

**Introduction**

There are a number of financial institutions having different working natures operating in a country. Some work for profit earning whereas some for the welfare of the society. They all are having their own importance. Some of them operate at large and others are medium and small scale. Whether it’s a large or small scale firm it plays an important role in the country’s economy as a whole. Literature witnessed that the large scale firms have the aim to maximize their profit (Fujianti & Satria, 2020) but on the other hand there are some other institutions that aimed to benefit society like community foundation (Pedersen & Wilkinson, 2018). They purely operate for the welfare of their society related individuals. The community’s foundation is one of those institutions which also have the aim to support their people. The community’s foundation is usually a tax exempted firm. The reason for its being tax exempted is its involvement in corporate social responsibility activities. The firm having nature like communities foundation also need better management and financial system for their sustainability. In this context such a firm also ensures their maximum efforts to win the market competition. In the business world the firm competitive advantage over its competitors ensures its success. In this context: community foundation nature firms also prefer to enter the market with their innovation in order to ensure their success. Literature proposed that there is a significant and positive relationship between innovation and competitive advantage (Anning-Dorson, 2018; Gürlek & Tuna, 2018). Firms all around the globe prefer to innovate products or services which are based on customer requirements and also add value to their business line. Such value-added products result in changing their customer purchasing behaviour and further result in enhancement of their sale. In this context: the literature also proposed that the value-added products result in the betterment of the firm performance (in terms of sales) (Agustia, Haryanto, Permatasari, & Midiantari, 2022; Ramadani et al., 2019). Another factor that does impact here is the cultural capital or the team which work behind the innovation. Literature also proposed that the competency of the staff results in the betterment of the firm performance (Saidu, 2019; Yu, Yen, Barnes, & Huang, 2019). Thus a good education and skilled team produce better results in terms of creation of market as well as customer required product which also add value to their product line. In terms of social welfare, Small and medium-sized enterprises play a vital role in the country. On one side it adds value to the country’s economy on the other side being operated by the community lower-level people results in the welfare of the
society. Many of the time due to their small scale business these SMEs fall in the tax exempted section of the society.

The Thai Health Promotion Foundation awarded the affiliation to Community Foundation a one-year grant in February 2005 to establish four community foundations in Thailand to promote a healthy society by bringing the government, civil service organisations, corporations, and community members together in partnership. "Community foundations are nonprofit organisations designed to satisfy the current and future needs of our local communities," according to the Council of Michigan Foundation. We provide you with all of the tax benefits of charity giving, the long-term benefits of endowment financing, and the possibility to establish a legacy fund in the name of a family member or loved one." The notion of a community foundation has shown to be a flexible type of philanthropy with the ability to improve communities and strategically invest in society's future. All the emerging community foundations face the issue of customising and localising the idea to better fit and serve their unique qualities and environment. The level of customisation and localisation may vary from one community to the next.

In this context: there are two major challenges faced by the community foundation. The first challenge is how local leaders who participate in this project will be able to envision its concept and transfer it in establishing the community foundation into their community, formulating strategic plans, and communicating its vision to involve other stakeholders in the community in driving the community foundation to success alongside Thai local philanthropy. On the other hand, the initiative met further difficulties in transforming the Thai local giving paradigm. Thai culture's giving paradigms range greatly among the four provinces. Giving culture is founded within a sharing and caring community in rural areas such as Samut Songkhram, Lampang and Udorn Thane provinces, where Buddhism—making merit and giving offering – and extended families have moulded these two communities’ environment. In contrast, metropolitan industrial and individualistic societies, such as those in Rayong and Bangkok, have landscapes that provide distinct types of incentives and limitations. The list of most charitable countries in 2020 is given in Figure 1:
The present study will address some gaps does exist in the literature like 1) being one of the important topics like innovation, value-added product and community foundation economy although researched although but there are number of its aspects need to be explored yet, 2) Le and Ikram (2022), investigated the relationship between innovation and community foundation economy performance (i.e. firm performance) whereas the present study will add the cultural value factor and investigate the model in Thailand, 3) will test the model from Thailand perspective, 4) Azubayeva (2021), investigated whether cultural capital has an impact on community foundation economy performance (i.e. firm performance) whereas the present study will add the spatial innovation factor and investigate the model from Thailand perspective, 5) Zugravu-Soilita, Kafrouni, Bouard, and Apithy (2021), investigated the relationship between cultural capital and community foundation economy performance (taken as firm) whereas the present study aimed to will test the model with addition of mediating variable like value-added products and test the model in Thailand. The significance of the study are 1) help the professional to revamp their policies for best utilization of value-added products for the betterment of their community foundation economy performance in Thailand, 2) will help the researchers to identify the importance of innovation, culture capital and value-added product for community foundation economy.

**Literature Review**

The business all around the globe put their maximum efforts to win the competition in order to ensure their survival. One of the most renowned ways to ensure success in the competition is a competitive advantage. Literature also proposed that there is a direct relationship between competitive advantage and business performance or success (Haseeb, Hussain, Kot, Androniceanu, & Jermsittiparsert, 2019). On the other hand the competitive advantage most of the time is based on innovation. The innovation results in a product or service which differentiate the firm from other competitors. This differentiation ensures the

![Most Charitable Countries Ranking](image-url)
customer’s attraction towards the product which ends at business success. Literature also proposed that innovation results in supporting any business or financial community (Kitsios & Grigoroudis, 2020; Lopes Santos, Valente Rezende, & Cruz Basso, 2019). In this context: Hameed, Nisar, and Wu (2021) examined the relationship between innovation and firm performance. The study was conducted in Pakistan. The data of 285 managerial level staff from the Hospitality Industry was collected and tested by employing the PLS technique. The study concluded that there is a positive relationship between innovation and firm performance in Pakistan. The results of the study will be helpful for the hospitality industry to enhance its business performance through innovation. Furthermore, Anim, Agbemabiese, Acheampong, Adams, and Boakye (2018), also examined the impact of innovation on business performance. The study was conducted in Ghana and the sample of 385 fashion designers was collected and tested with the help of EFZ, CFA and SEM. The findings of the study showed that innovation does affect business performance in Ghana. Hypotheses derived from the above debate is as under:

**H1:** There is an association between spatial innovation and community’s foundation economy.

Culture capital is all about the skills, education, behaviour acquired by any firm, community etc. Thus, the community or business human resource skills and education do impact the overall performance of the firm. The well-educated and skilled manpower will ensure better performance which further will impact the overall performance of the firm. Therefore, the literature proposed that there is an association between any business and community manpower i.e. culture capital and business performance (Raissa, Sihotang, Christy, & Wijaya, 2021; Zugravu-Soilita et al., 2021). Firms all around the globe ensure that their employees ensure maximum as the betterment in the employee’s performance will result in the betterment of the business performance. In this context: Santos, Reis Neto, and Verwaal (2018) examined the relationship between cultural capital and employee performance. The study was conducted in Brazil. The data of 369 respondents were collected and tested with the help of the exploratory factor analysis method through PLS estimation. The results of the study concluded that cultural capital has an association with the employee’s performance. Employee performance further impacts the overall business performance. Similarly, Azubayeva (2021), examined whether culture capital results in the development of business i.e. entrepreneur. The study was conducted in Wales and data of 15 years from 1900 to 1915 was collected and tested. The results of the study showed that there is a significant relationship between cultural capital and business i.e. entrepreneur development. Thus the hypotheses derived from the above debate is given below:

**H2:** There is an association between culture capital and community’s foundation economy.

The firms all around the globe prefer the innovative with the aim to offer the products to the market which add the value in their product line as well as to attract their customers. Innovation provides value-added products to the market which results in the enhancement of business capital through high sales. Thus,
there is a significant relationship between value-added services and business performance was proposed by the literature (Aranibar, Aguirre, & Borneo, 2019; Shashi, Tavana, Shabani, & Singh, 2019). In this context: Topleva and Prokopov (2020), examined whether the value-added products affect the sustainability of the business. The results of the study showed that there is a significant relationship between value-added products and business performance. Customer loyalty is the indication of business success. The firms offer the products to the market with the aim of business success. Thus brand loyalty is the initiation of the betterment of the business performance. In this context: Sode (2017), examined the effect of value-added services on customer loyalty. The study was conducted in Nigeria and a sample of 364 respondents was used to have the results. The results of the study showed that the value-added services do impact customer loyalty which further affects the business performance as a whole. The hypotheses derived from the above debate is as under:

**H3:** The value-added products significantly mediates the relationship between spatial innovation and community’s foundation economy.

The product is the ultimate tool for the organizations which ensure the success or failure of the business. The firms all-round the globe invests dawn to dust efforts to ensure that the best efforts should be an offer to the customers. The firms ensure the maximum efforts for the development of products that add value to their product line as well as business sustainability. The development of a value-added product requires a skilled team. Thus there is an association between cultural capital and value-added products (Jardón & da Silva, 2021; Kitipadung & Jaiborisudhi, 2021). The firm’s research and development has a high level of expertise that will ensure the customer demanded product has the uniqueness to create a competitive advantage. The skilled culture capital innovates a product which results in enhancement of business sales which further results in the betterment of business performance. In this context: Le and Ikram (2022), explored whether the innovation-based product does affect the performance of the firm. The study was conducted in Vietnam. The data of 435 respondents were collected and tested through SEM. The results of the study showed that there is a significant relationship between innovation and business performance in Vietnam. Thus the hypotheses derived from the above debate is as under:

**H4:** The value-added products significantly mediates the relationship between culture capital and community’s foundation economy.

**Research Methodology**

The article investigates the impact of spatial innovation and cultural capital on the strengthen of community foundation economy and also investigates the mediating impact of value-added products among the linkage of spatial innovation cultural capital and strengthen community foundation economy in Samut Songkhram Province, Thailand. The current study has applied the questionnaires to collect the data from selected respondents. These questionnaires were distributed to the people of the communities of Samut Songkhram Province using personal visits. The respondents have been selected using simple random
sampling. A total of 512 surveys were sent, but only 290 were returned, which shows 56.64 per cent response rate.

The current article has used two predictors, such as spatial innovation (SI) with six items extracted from Ding, Liu, Zheng, and Li (2021) and cultural capital (CC) with six items extracted from Tan, Peng, and Lyu (2019). In addition, the current research has taken value-added products (VAP) as the mediating variable, with five items taken from Kumar et al. (2020). Finally, the present article also used the community foundation economy (CFE) as the predictive variable with seven items taken from Mandrysz (2020). The present article has also applied the smart-PLS to check the validity and association among variables. It is an effective tool that provides significant findings even the researchers use complex models or large sample sizes (Hair, Risher, Sarstedt, & Ringle, 2019). Figure 1 shows the theoretical framework of the study.

Figure 1: Theoretical model

Findings

The current article has examined the convergent validity using average variance extracted (AVE), and the figures exposed that the values are larger than 0.50 that show valid convergent validity. In addition, the current article has examined the content validity using factor loadings and the figures exposed that the values are larger than 0.50 that show valid content validity. Finally, the current article has examined the reliability using Alpha and composite reliability (CR) and the figures exposed that the values are larger than 0.70 that show significant reliability. Table 1 shows all the results mention above.

Table 1
Convergent validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Capital</td>
<td>CC1</td>
<td>0.883</td>
<td>0.965</td>
<td>0.973</td>
<td>0.878</td>
</tr>
<tr>
<td></td>
<td>CC2</td>
<td>0.950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CC3</td>
<td>0.950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CC4</td>
<td>0.947</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The current article has examined the discriminant validity using Fornell Larcker, and the figures exposed that the first value is larger than the rest of the values in the column that exposed link with variable itself is stronger than with other variables and show valid discriminant validity. Table 2 shows all the results mentioned-above.

Table 2
Fornell Larcker

<table>
<thead>
<tr>
<th></th>
<th>CC</th>
<th>CFE</th>
<th>SI</th>
<th>VAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC</td>
<td>0.937</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFE</td>
<td>0.518</td>
<td>0.751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SI</td>
<td>0.406</td>
<td>0.456</td>
<td>0.823</td>
<td></td>
</tr>
<tr>
<td>VAP</td>
<td>0.459</td>
<td>0.766</td>
<td>0.434</td>
<td>0.825</td>
</tr>
</tbody>
</table>

The current article has examined the discriminant validity using cross-loadings, and the figures exposed that the values of variables are larger than the rest of the values in row that exposed link with variable itself is stronger than with other variables and show valid discriminant validity. Table 3 shows all the results mentioned-above.

Table 3
Cross-loadings

<table>
<thead>
<tr>
<th></th>
<th>CC</th>
<th>CFE</th>
<th>SI</th>
<th>VAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC1</td>
<td>0.883</td>
<td>0.477</td>
<td>0.384</td>
<td>0.436</td>
</tr>
<tr>
<td>CC2</td>
<td>0.950</td>
<td>0.479</td>
<td>0.405</td>
<td>0.438</td>
</tr>
<tr>
<td>CC3</td>
<td>0.950</td>
<td>0.490</td>
<td>0.355</td>
<td>0.420</td>
</tr>
<tr>
<td>CC4</td>
<td>0.947</td>
<td>0.486</td>
<td>0.401</td>
<td>0.434</td>
</tr>
</tbody>
</table>
The current article has examined the discriminant validity using Fornell Larcker Heterotrait Monotrait (HTMT) ratio, and the figures exposed that the values are less than 0.90 and show valid discriminant validity. Table 4 shows all the results mention-above.

Table 4
Heterotrait Monotrait ratio

<table>
<thead>
<tr>
<th></th>
<th>CC</th>
<th>CFE</th>
<th>SI</th>
<th>VAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC</td>
<td>0.538</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFE</td>
<td>0.429</td>
<td>0.508</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SI</td>
<td>0.494</td>
<td>0.784</td>
<td>0.481</td>
<td></td>
</tr>
<tr>
<td>VAP</td>
<td>0.454</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results revealed that spatial innovation and cultural capital have positive and significant linkage with strengthen community foundation economy and accept H1 and H2. In addition, the results also indicated that value-added products significantly mediates among the linkage of spatial innovation cultural capital and strengthen community foundation economy and accept H3 and H4. Table 5 shows the direct and mediation analysis results.

Table 5
Path analysis

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Beta</th>
<th>S.D.</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC -&gt; CFE</td>
<td>0.183</td>
<td>0.057</td>
<td>3.188</td>
<td>0.001</td>
</tr>
<tr>
<td>CC -&gt; VAP</td>
<td>0.339</td>
<td>0.064</td>
<td>5.285</td>
<td>0.000</td>
</tr>
<tr>
<td>SI -&gt; CFE</td>
<td>0.105</td>
<td>0.044</td>
<td>2.399</td>
<td>0.009</td>
</tr>
<tr>
<td>SI -&gt; VAP</td>
<td>0.297</td>
<td>0.067</td>
<td>4.448</td>
<td>0.000</td>
</tr>
<tr>
<td>VAP -&gt; CFE</td>
<td>0.637</td>
<td>0.050</td>
<td>12.821</td>
<td>0.000</td>
</tr>
<tr>
<td>CC -&gt; VAP -&gt; CFE</td>
<td>0.216</td>
<td>0.042</td>
<td>5.106</td>
<td>0.000</td>
</tr>
<tr>
<td>SI -&gt; VAP -&gt; CFE</td>
<td>0.189</td>
<td>0.044</td>
<td>4.290</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Discussions and Implications

The results revealed that spatial innovation has a positive and significant linkage with strengthening community foundation economy because the innovation creates value addition in the process of the community that enhance the financial and economic aspect of the community foundations. These results are in line with Guo, Zhou, Liu, and Wang (2019), who also explored that innovation brings a change in the community foundation, and positive change in the foundation leads them towards strong economic conditions. In addition, the results also revealed that cultural capital also has a positive and significant linkage with strengthening community foundation economy because the effective social capital also added value in the process of the community that strengthen the economic aspect of the community foundations. This result is similar to the Kalyanamittra (2018), who investigated that effective cultural capital brings the competitive advantage in the community foundation, and this advantage leads the foundations towards strong economic conditions.

Moreover, the results also indicated that value-added products significantly and positively mediates among the linkage of spatial innovation and strengthen community foundation economy. The innovation creates value-added products, and these products strengthen the community foundation economy. This outcome is matched with Romão and Nijkamp (2019), who also examined that effective innovation always produces value-added products that fulfill the economic
requirement of the communities. In addition, the results also indicated that value-added products significantly and positively mediates among the association of cultural capital and strengthen community foundation economy. Effective cultural capital strengthens the community process and creates value-added products, and these products strengthen the community foundation economy. This result is in line with Beel and Wallace (2020), who also explored that the cultural capital strengthens the community process and creates value-added products, and these products strengthen the community foundation economy.

The current article has theoretical contributions, such as it strengthening the literature related to the spatial innovation and community foundation economy and also expanding the literature related to the cultural capital and community foundation economy. In addition, the current article also provides a significant contribution in the literature of value-added products as the mediating variable among spatial innovation, cultural capital and community foundation economy. The present research also has some practical implications, such as it provides guidelines to the communities on how they improve their economic conditions. In addition, the article has guided the policymakers while developing regulators regarding strengthen community foundation economy using spatial innovation and cultural capital.

**Conclusion and Limitations**

The current research has concluded that the communities in Samut Songkhram Province, Thailand have effective cultural capital and implement spatial innovation that strengthens community foundation economy. In addition, the article also concluded that effective cultural capital and spatial innovation create value-added products that also strengthen the community foundation economy. Additionally, the current article has some limitations, such as it takes only two predictors such as cultural capital and spatial innovation and ignored other significant factors and recommended that future studies should add these factors in their studies. Moreover, the current article has taken the value-added product as the mediating variable but ignored the moderating effects and suggested that future studies should add these aspects in their analysis. Finally, the current study has examined only the communities of Samut Songkhram Province, Thailand, that narrow done the scope of the study and recommended that future studies should expand their scope by adding communities of other provinces.

**References**


