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Good governance principles and implementation on operational efficiency of a village fund in rural communities of Thailand on post-COVID19 pandemic

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Abstract--This research aimed to 1) study the operational efficiency of the village fund in Thailand on post-Covid19 pandemic 2) compare personal factors affecting operational efficiency of the village fund 3) study influence of good governance principles affecting the operational efficiency of the village fund . The sample group of this research was 187 villagers and committees of the village fund in northeastern region of Thailand. Research instrument was questionnaire, data analysis were descriptive statistics and inferential statistics (t-test), One-way Anova, and multiple regression. The research showed operation efficiency of village fund had high level considering on learning and development aspect, internal process aspect, financial aspect, and customer aspect with mean score at 3.94, 9.81, 36.1, and 3.49 respectively. The comparison between personal factors, different occupations and monthly incomes had influenced on operational efficiency at statistically significant 0.05. In good governance principles, transparency aspect ($\beta = 0.324$, $t = 5.439$, Sig. = 0.000) and responsibility aspect ($\beta = 0.361$, $t = 6.984$, Sig. = 0.000) had influenced on operational efficiency of the village fund at statistically

significant 0.05. The overall operational efficiency of village fund had variability explained at 32.7 percent (Adjusted R2 = 0.327).

Keywords---good governance, operation efficiency, village fund.

Introduction

The Village Law has implemented regulations mandating the fact that the government in village areas needs to be more independent while coordinating and managing the finances, funds, and assets of the villages (Susilowati et al, 2020). This law has clearly detailed the policies regarding allocation, usage, and monitoring of the village funds. According to the research, the implementation and planning of activities associated with the allocation of village funds has been accountable and transparent. Financial accountability in the context of village funds refers to the processes of planning, implementing, administering, accounting and supervising which can be recorded and accounted for by BPD and the community (Triyono et al, 2019). This financial accountability can be understood as the obligation of the village head required to be accounted for the management of the village funds.

The villages face the issues of corruption concerning village budgets. This issue was mainly because of the large budget management. The issue of corruption in villages has increased because of the lack of community participation in the planning and budgeting processes. These issues are mainly dealt by the Village Financial Management to foster village community empowerment and village development (Atmadja&Saputra, 2018). Again, the Village Council does not run optimally, village heads are not competent enough and the cost of village elections is kept high as well. The financial statements must be presented in a way that describes the accountability of the village fund structure and its administration which requires the delivery of relevant information needed by the stakeholders, and also the shareholders. The stakeholders include the village head, village treasurer, village secretary, head of development and planning affairs, village community empowerment and head of community welfare affairs (Zeho et al, 2020). The presentation of financial statements and their accessibility can affect the accountability in village areas. The quality and level of Village Council supervision affect accountability and has a positive influence on the performance and activities of village financial management. The proper and increased use of information technology in the village areas for fund management also improves village's financial accountability. For the achievement of accountability, the village management should be supported by good financial management and reporting system for disclosing relevant information that can easily be comprehended and understood by stakeholders (Azlina & Hasan, 2017).

The concept of transparency means the presence of rules and policies which are open for supervision and involve the disclosure of information. This results in healthy political competition (Yudastio & Azriya, 2022). The transparency of village government management may be improved through Good Governance, which is proposed to get a more regulated and transparent village management

for the interests of central, local and the village government and village communities. There are a few indicators for the principles of transparency:

- Guaranteeing the system of openness and standardization of public service procedures.
- Facilitating public inquiries regarding the various rules and policies of public services within the public sector.
- Facilitating the reporting and dissemination of information and the deviations arising from issues of the public officials' activities.
- Some factors to be followed for managing transparency in villages regarding the implementation of appropriate village fund management are:
- There must be openness in important meetings and the participation of the community.
- A disclosure of information which are required to be known by the people.
- An openness to decision-making processes and the communities must also participate in decision-making.
- There must be participation in the implementation of administrative activities, mobilization of financial resources, elaboration of the program, etc.
- There must be participation of public in the evaluation of planned programs.

The principle of Good Governance is essential for the attainment of objectives of the village fund. The principle of Good Governance indicates the activities of a government institution to act and operate in the interests of the public (Wardhani et al, 2017). It is a principle that basically prevents the misallocation of funds, and political or administrative corruption by conducting budgetary discipline and fostering business growth through the legal and political framework. Its application does not only mean the management for development, but also for creating cohesion and integration for the people. In the governance management structure, there are three pillars of governance: Government, the Private sector and Society. Good Governance Principles are crucial to manage, operate, and achieve every task in every organization since an ultimate goal of realization and emphasis in management is the organization's operational efficiency. To accomplish this goal, an organization must first establish their operational management while Good Governance Principles are essential for every kind of operation. Kamolphon Pongduang (2017) studied on Good Governance Principles. It shows that Good Governance Principles are prudent method in managing organization with morals and ethics. Good Governance Principles contain transparency operation, responsibility, verifiability, benefits of people, resources management according to state regulations, orders, effectiveness, equality, fairness, participation from the people, response to needs of public, and emphasizing on achievement. Operational principles consist of efficiency, effectiveness, responsiveness, responsibility, verifiability, transparency, laws, equality, decentralization, participation, consensus, morality, and ethics.

Operational efficiency is a work to achieve goals of organization which requires teamwork. Operational efficiency will result both individual and organization with satisfaction and tranquility (Wipawan Sengsai, 2018). The development of

operational efficiency can associate with managing concept by using the Balanced Scorecard (BSC) technique. This technique helps transforming operational efficiency from Academic Exercise to Nerve Center of an Enterprise. Niven (2003) and Williams (2005) stated that BSC technique was a balanced and comprehensive evaluation to measure the operational efficiency, both financial and non-financial aspects. Consisting of 4 perspectives: finance, customer, internal process, learning and development (Nichanan C, Panuwat P, and Sukit K, 2010).

Village and community funds are state policies that had been established to encourage value and wisdom of communities by creating a network of knowledge between communities, government sector, private sector, people, and the society. Government had funded for 1 million THB per village to be used as working capital. Their intention was to improve career opportunities, generate more occupations and incomes, reduce expenses, and distribute revenue among people. Other intention was to enrich, strengthen, and develop villages and urban communities to be able to manage the working capital by themselves. This would lead them to be sustainable villages and urban communities and eventually stimulate economy of the country (Wichai P and Kan S, 2016). A program called the Thailand Village and Urban Revolving Fund was launched in the year 2001 with the view to provide one million baht to Thai villages for crediting local institutions (Permatasari et al, 2021). In 2017, 35 million baht was allocated to Thailand by the government which increased its budget in the year 2018 and hence, indicated economic growth. The village fund that the government of Thailand imposed is most suitable for traditional farmers having shorter credit terms so that it makes the flow of cash fast. Through research, it was found that the village fund of Thailand was distributed through the schemes of micro-credit (Susilowati et al, 2020). Since 2006, Thailand had been quite stable in valuing loans by the fund committee and hence, the need for injection of funds from the government reduced.

The policies of the Central government regarding the increase of Village Funds and Village Fund Allocation are increasing yearly (Tuanaya et al, 2020). The motive of such an increase was to foster community empowerment. According to the Tambon City Government, the village fund is hoped to be managed by village heads so that there is a possibility of physical development. The allocation of village funds is mostly associated with development activities and improving infrastructure. The development activities aimed at removing the issues of poverty, public welfare and the agriculture through implementation of Sustainable Development Goals SGM (Permatasari et al, 2021). These goals are mainly associated with the eradication of poverty, provision of a decent life, and establishment of peace, which are needed to be fulfilled by 2030. Sustainable Development Goals are an important scheme in order to reduce the sense of inequality that persists within the countries, and also improve the quality of life. Through the proper allocation of village funds, sustainable development goals can be attained. In order to gain sustainable development goals, there must be public participation in the decision-making and hence, the value of sustainable communities must be brought to the rural areas for reaching the sustainable development targets. The main aim of village development is to look after the welfare of the rural communities and improve their standard of life by meeting the

basic requirements and hence, reduce the issue of poverty. The concept of village development is essential to understand the comprehensive efforts needed for increasing the role of women in fostering development. The village fund provides financial support for their development, and this improves the governance of the village. Another important function of village development is to promote the attainment of sustainable development goals (Permatasari et al., 2021). An important indicator to measure such development is the Village Development Index (IPD). In 2020, village development set a lot of objectives which included the eradication of poverty and hunger, improving educational quality, promoting gender equality, cleaning the village, improving employment, promoting sustainability, climate change control, and many more.

The fund of Sai-nyam village, Ubon Ratchathani province, Thailand had been approved and allocated for 2 million THB. There were 85 committee members who were villagers and qualified advisors that their main duties were to manage the fund for maximum efficiency. They had been encountered with many problems in operation though. The committees neither understood their parts and duties, nor acquired necessary knowledge and managing skills. They had not acknowledged the good governance principles and used authority to make their own benefits. Their operations had lacked transparency, fairness, equality, publicity, and coordination in many matters. From the statement above, researchers had focused on studying managing model that affected operation of committee members to utilize as a guideline for improvement and correction. Hoping it will benefit to committee members of village fund in the future.

Research Objectives

- To study the operational efficiency of the village fund in northeastern region of Thailand on post-Covid19 Pandemic.
- To compare personal factors affecting operational efficiency of the village fund.
- To study influence of good governance principles affecting the operational efficiency of the village fund in northeastern region of Thailand.

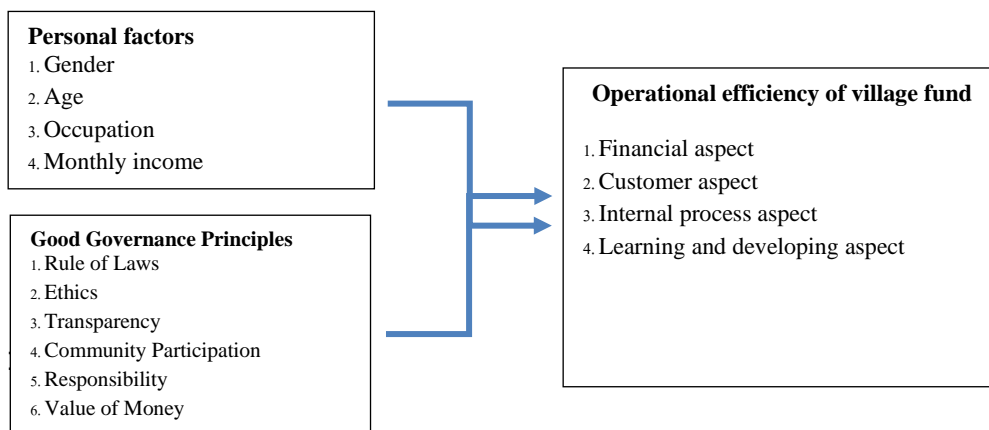


Figure 1. Conceptual Framework

- **H1:** Committee members with different personal factors had different operational efficiency in the village fund.
- **H2:** Good governance principle including transparency, accountability, community participation, rule of laws, ethics and value for money has influence on operational efficiency of village fund.

Research Methodology

Population of this research was 350 people including members, committees, and villagers with total of 84 households. 85 people were members of the village fund, 10 committees, and 255 villagers (Don Chik Subdistrict Administrative Organization, 2017). Questionnaires were used for research instrument contained both open-ended and close-ended questions with 4 sections as followed:

- Section 1: General information of members, committees, and villagers.
- Section 2: Information on transparency, accountability, community participation, rule of laws, ethics and value for money with Likert's rating scale.
- Section 3: Information about operational efficiency of village fund in financial aspect, customer aspect, internal process aspect, learning and development aspect.
- Section 4: General suggestions on operational efficiency with open-ended questions.

This research had been verified by researchers to ensure quality of questionnaires. The questionnaires had been tried out with sample group of 30 members of committees, and villagers. The result of surveys was evaluated using Cronbach's alpha coefficient formula and reliability of entire instrument was at 0.890. Descriptive Statistics were used to explain results of study. Inferential Statistics were: 1) Independent-Samples t-test used for comparing difference between 2 independent variables 2) One-Way ANOVA used for comparing difference between 2 variables and above 3) Multiple Regression used for verifying hypothesis of good governance principles affecting operational efficiency of the village fund.

Research Results

General information showed that most of participants were female (101 people, 54.00 percent), aged between 31-50 years old (74 people, 39.60 percent), occupation mostly were farmer (115 people, 61.50 percent), had monthly income less than 15000 THB (115 people, 61.50 percent), as illustrated in figure 2.

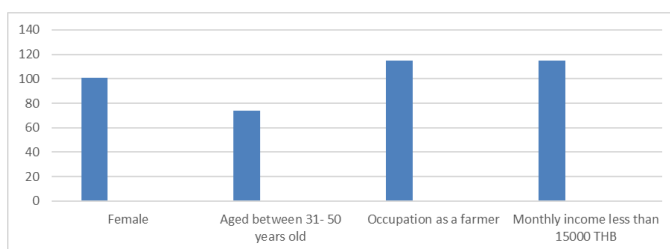


Figure 2. Personal factors information

On table 1 the operational efficiency was at high level in total with mean score equal to 3.72. When considering on each aspect, table 1 showed that most of them had high level of consent. Learning and development aspect, internal process aspect, financial aspect, and customer aspect had mean score at 3.94, 3.81, 3.61, and 3.49 respectively.

Table 1

The operational efficiency of village fund in rural community northeastern area of Thailand

Operational efficiency of village fund	Mean	Std.	Interpretation
1. Financial aspect	3.61	0.75	High
2. Customer aspect	3.49	0.81	High
3. Internal process aspect	3.81	0.68	High
4. Learning and development aspect	3.94	0.67	High
Total	3.72	0.73	High

Good Governance Principles including transparency, accountability, community participation, rule of laws, ethics and value for money had high levels of consent in total with mean score at 3.70 as per illustrated in table 2.

Table 2

Good Governance Principles village fund in rural community northeastern area of Thailand

Good Governance Principles	Mean	Std.	Interpretation	No.
1. Rule of laws	3.74	0.89	High	3
2. Ethics	3.68	0.78	High	4
3. Transparency	3.51	0.68	High	6
4. Community participation	3.82	0.79	High	1
5. Accountability	3.79	0.81	High	2
6. Value of Money	3.66	0.85	High	5
Total	3.70	0.80	High	

When considering on each aspect, table 1 showed all of them had high level of consent. Community participation, accountability, rule of laws, ethics, value of money and transparency had mean score at 3.82, 3.79, 3.74, 3.68, 3.66, and 3.51 respectively.

Verifying hypothesis

H1: different person factors (gender, age, occupation, monthly income) had influence on operational efficiency of village fund distinctively

Table 3
Result of H1 verification

Independent variables	Statistic	Value	Sig.	Conclusion
Gender	t-test	1.572	0.198	Denied
Age	F-test	1.202	0.310	Denied
Occupation	F-test	1.766	0.000	Accepted
Monthly income	F-test	3.343	0.020	Accepted

Table 3 showed that different personal factors in occupation and monthly income affected operational efficiency of village fund distinctively at statistically significance .05.

H2: Good Governance Principle (transparency, accountability, community participation, rule of laws, ethics and value for money) had influence on operational efficiency of village fund in rural community northeastern area of Thailand. Multiple Regression was used to study correlations of variables in many factors by Enter method.

Table 4
Verifying H2: Good Governance Principles by Enter method

Good Governance Principles	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error.	β		
(Constant)	2.104	0.185		12.689	0.000
Rule of Laws	0.019	0.046	0.017**	1.533	0.658
Ethics	0.017	0.041	0.024**	0.338	0.732
Transparency	0.244	0.038	0.324**	5.439	0.000*
Community Participation	0.013	0.029	0.025**	0.447	0.648
Accountability	0.216	0.033	0.361**	6.984	0.000*
Value of Money	0.032	0.073	0.030**	0.439	0.522
R = 0.580 R ² = 0.337 Adjusted R ² = 0.327 SEE = 0.362 F = 33.526 p = 0.000					

Table 4 showed Good Governance Principles analysis as per following: Transparency ($\beta = 0.324$, $t = 5.439$, Sig. = 0.000) and Responsibility ($\beta = 0.361$, $t = 6.984$, Sig. = 0.000) had influence on operational efficiency of village fund in rural community northeastern area at statistically significance .05. Variance of operational efficiency was at 32.7 percent (Adjusted R² = 0.327).

Discussion

Different personal factors in occupation and monthly income had influenced on operational efficiency of village fund distinctively at statistically significance .05. Even though participants of this research were mostly farmers, some of them might have other supporting occupations making their monthly income differently. People with lower monthly income tended to have less participation in regulations and management of village fund. Corresponding to Wilawan Wongsuwan (2016) studied Village fund management according to Good Governance Principles, Khiri Rat Nikhom District, Surat Thani Province, Thailand. It showed that different personal factors in marital status, occupation, income, and work position had differently influenced at statistically significance 0.05, while personal factors in gender, age, and education had no influen.

Good Governance Principles in transparency and accountability had influenced on operational efficiency of village fund distinctively at statistically significance .05 with variance of operational efficiency at 32.7 percent. Good Governance Principles are principles that crate harmony in coexistence among people in society and country, benefiting from coordination, resolving conflicts by peace, and eventually developing the sustainable society. Corresponding to Nattawut Pratepladda and Wirot Jesadalak (2016) studied of operational system and management according to Good Governance Principles of village fund in Soi Nai Chiak Community, Bangkok, Thailand showed that the village fund had utilized Good Governance Principles in rule if laws, transparency, participation, responsibility, ethics, and value of money to crate sustainable cooperation among members and people in the community.

Conclusion

Good governance related to the management of the village funding requires an accountable and transparent system so that the people understand how it is planned, implemented, and monitored. According to the research, the information which is required to be known by the public must be disclosed and hence, foster a sense of transparency. The reasons for proper allocation of village funds are mentioned in the report which helps in the village development and fosters effectiveness and efficiency. The concept of village development is essential to raise the standard of living of the public in villages. The financial management in villages gives an effort to support the implementation of village community development, village government, and village community empowerment which leads to the betterment of people in villages and hence promotes a good governance structure.

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