

Good Governance Principles Influencing Performances of Savings Cooperatives in the Northeastern Region of Thailand

¹Suphatsorn Thaweewan, ²Piyachat Thongpaeng*, ³Lalita Pimta, ⁴Theewara Sutanhawiboon

¹Assistant Professor of Department of Accounting, Faculty of Business Administration and Accounting, Sisaket Rajabhat University

Email: suphatsornmanee@gmail.com

²Assistant Professor of Department of Accounting, Faculty of Business Administration and Accounting, Sisaket Rajabhat University

Email: piyachat.t@sskru.ac.th

³Assistant Professor of Department of Accounting, Faculty of Business Administration and Accountancy, Roi Et Rajabhat University

Email: lalitapimta@hotmail.com

⁴Doctor of Business Administrator (Accounting), Faculty of Management Science Muban Chombueng Rajabhat University, Ratchaburi Province, Thailand

Email: aj.theewara@gmail.com

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Abstract

The research was conducted in the northeastern region to study how good governance influences savings cooperatives' performance. The samples used in the research were 79 savings cooperatives in the northeastern region. The respondents consisted of managers, accounting supervisors, and internal audit officers. The questionnaires were used for collecting data. The data were analyzed using were percentage, mean, standard deviation, Pearson's correlation, t-test, and F-test statistics.

In the northeastern region, good governance principles are being implemented at a high level in savings cooperatives, based on an analysis of their overall level of implementation. Furthermore, the correlations between good governance and the performances of savings cooperatives in the northeastern region were at a high level with a statistical significance at the level of 0.01 and 0.05. Using gender, education level, and position as factors in comparing opinions on the level of good governance principles influencing savings cooperatives in the northeastern region, no differences were found.

Keywords: Good Governance, Performances, Savings Cooperatives

Introduction

Cooperatives are business organizations founded under the Co-operatives Act B.E. 2542, where business operations compete with those of other organizations. Cooperatives are owned by all members, but they cannot jointly manage their affairs. Thailand has two main types of cooperatives, which can be further divided into seven sub-types. The first sub-type is agricultural cooperatives consisting of 1.1) agricultural cooperatives, 1.2) fisheries cooperatives, and 1.3) settlement cooperatives. The second sub-type is non-agricultural cooperatives consisting of 2.1) savings cooperatives, 2.2) merchant cooperatives, 2.3) service cooperatives, and 2.4) credit union cooperatives. In 2008, the total of cooperatives in Thailand was 8,074 with the majority of cooperatives being agricultural cooperatives accounting for 56% or 4,337 cooperatives, while the non-agricultural cooperatives accounted for 44% or only 1,448 cooperatives, but most assets belonged to these savings cooperatives was 2,059,457 million baht and held the highest rank compared to other types of cooperatives. Most of the expansion of cooperatives' assets came from the expansion of loans (Asawawongsathien, et al., 2017).

A government agency, the Department of Cooperative Promotion, supervises, promotes, and develops cooperatives so they can become dependable and strong organizations for their members. The third Cooperative Development Plan 2012-2016 (Department of Cooperative Promotion, 2018) was prepared with the first strategy related to strengthening cooperatives on the aspect of cooperatives' personnel to be honest, operate efficiently,

stable, and strong. One important approach was to create good governance in cooperatives, which encouraged cooperatives to be managed with the rule of law, transparency, and accountability by engaging and implementing management processes to achieve efficient use of cooperatives' resources effectively, efficiently, and economically in order to enable the cooperatives to operate successfully and achieving objectives steadily, which would result in being trusted and accepted by all involved sections.

In the context of governance, good governance refers to systems and processes that ensure the overall direction, accountability, and governance of an organization (Cornforth, 2001). As a means of achieving individual happiness and freedom rights, it entails achieving one's ultimate goals. Growing, developing, and reducing poverty depend on control (Dayanandan, 2013: 10-26). Good governance is also considered a tool for improving social institutions' effectiveness. In an appropriate and effective institution, good governance should result (Duncan, 2003). Good governance principles include righteousness, participation, professionalism, accountability, transparency, honesty, and fairness. These principles apply to both investor-owned and cooperative organizations. In cooperatives, the members elect the board of directors through a general meeting. Cooperatives have a separate legal existence from corporations. As a result of the lack of good governance practices, cooperative participation in economic activity is impacted by their management capabilities, experience, and access to credit. As mentioned in Dayanandan's research (2013: 10-26), meditation practices were examined in the Halaba Special District of southern Ethiopia to determine how they impacted cooperatives' operations. The researcher concluded that the four predictor variables were participation, accountability, transparency, and the rule of law, which all contributed significantly to the impact of cooperatives that contributed to achieving a sustainable development strategy. In addition to supporting good governance, this decentralization provides accountability, predictability, and transparency (Al-Sharafi, et al. 2019: 77-89) and the rule of law (Bakkar & Ogcem, 2020: 173-205). Saving cooperatives are managed according to nine principles for good governance: 1) principle of effectiveness, 2) principle of efficiency, 3) principle of responsiveness, 4) principle of accountability, 5) principle of transparency, 6) principle of participation, 7) principle of delegation, 8) principle of rule of law, and 9) principle of equality. By following these principles, saving cooperatives can perform well and sustainably in the financial, membership, internal processes, and learning and development aspects.

As a consequence, to achieve fairness and reduce corruption problems in cooperative management, protect cooperatives members' rights, and maintain the stability of cooperatives in accordance with the aims and establishment of the Cooperatives Promotion Department and the Cooperatives Auditing Department, it is necessary to adopt good governance as a tool for cooperatives. To do so, strategies based on the second Cooperatives Development Plan (2007-2011) regarding cooperatives' capacity development needs to be developed to improve cooperatives to be efficient and effective organizations. This aims at good governance with an important goal that cooperatives operate efficiently and stably. As a result, they can become reliable for members sustainably and be able to reduce corruption in the cooperatives. Therefore, the researchers were interested in studying the good governance which influenced the performances of savings cooperatives in the northeastern region of Thailand based on the operational guidelines as the main variable in this study. By asking personnel working in savings cooperatives in the northeastern region, it was used as a guideline for managing savings cooperatives with good governance. The goal was to reduce conflicts and facilitate efficient, effective, and worthwhile operations in addition to facilitating the personal interests of the executives. Furthermore, the cooperatives were able to achieve their objectives steadily and successfully with the utmost benefit to all stakeholders.

Research Objectives

1. To study the level of good governance implementation of savings cooperatives in the northeastern region of Thailand.
2. To compare the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand classified by personal factors.

Conceptual Framework

A study of documents, concepts, and theories related to good governance and its impact on cooperatives' performance. Accordingly, the conceptual framework of the research could be described as follows.

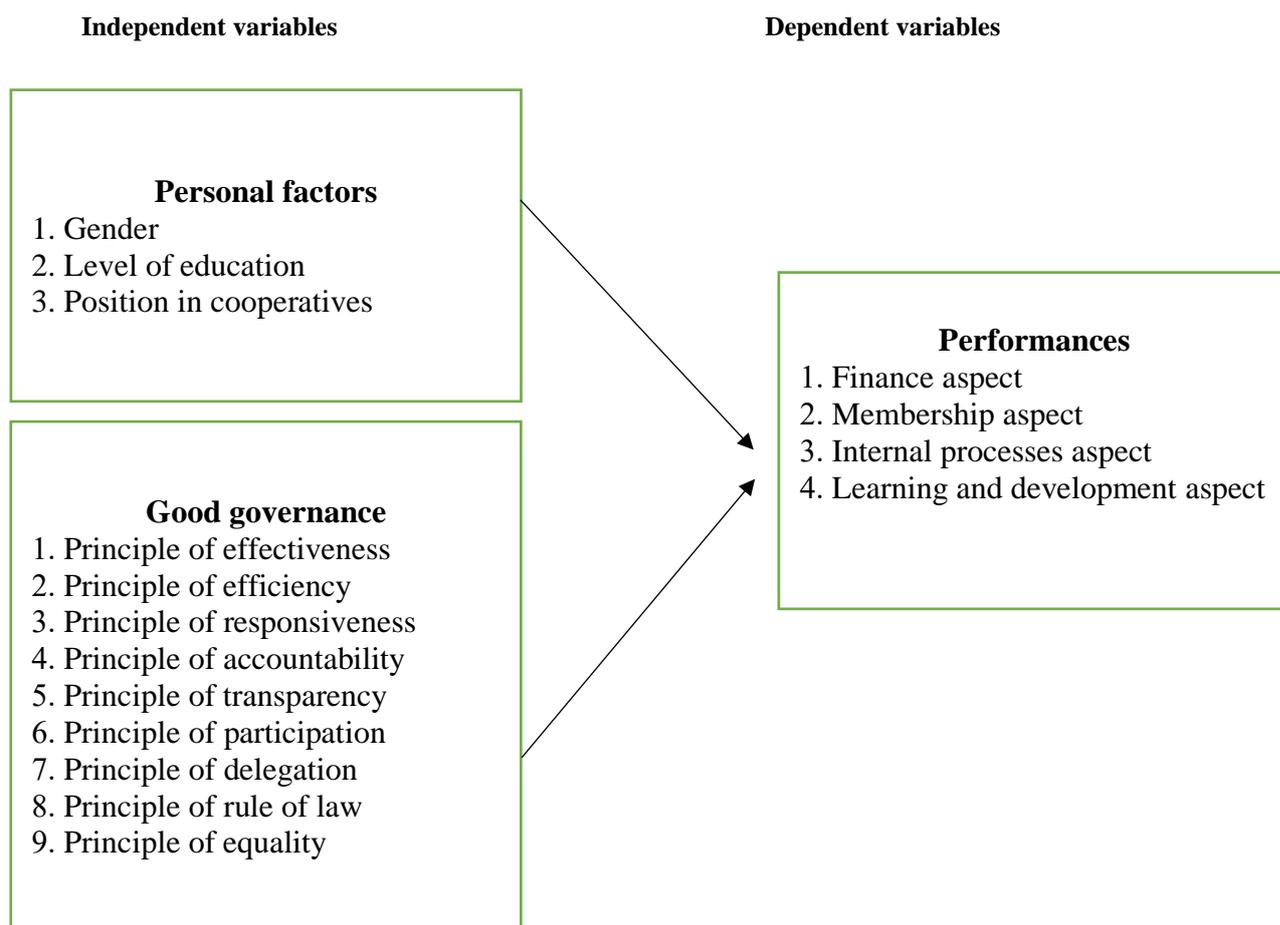


Figure 1: Conceptual Framework

Research Methodology

1. Population and samples

1.1 A total of 192 Thai saving cooperatives were used in this study (Department of Cooperative Promotion, 2022)

1.2 Using Taro Yamane's formula (Yamane, 1973), samples were defined with a 95% confidence interval and 0.05 error analysis. Seventy-nine saving cooperatives in the northeastern region of Thailand were represented by managers, accounting supervisors, and internal audit officers.

2. Research variables

2.1 The independent variables were personal factors such as gender, level of education, and positions in cooperatives. In addition, the nine principles of good governance: 1) principle of effectiveness, 2) principle of efficiency, 3) principle of responsiveness, 4) principle of accountability, 5) principle of transparency, 6) principle of participation, 7) principle of delegation, 8) principle of rule of law, and 9) principle of equality.

2.2 The dependent variable consisted of the performance of the savings cooperatives in the northeastern region Thailand in four aspects: 1) finance aspect, 2) membership aspect, 3) internal processes aspect, and 4) learning and development aspect.

3. Research Instruments

Data collection questionnaires were developed as follows:

3.1 Researched good governance and performance of savings cooperatives in the northeastern region of Thailand by studying concepts, theories, principles, and methods.

3.2 Prepared questionnaires asking about the characteristics and personal details of savings cooperatives in the northeastern region of Thailand.

3.3 Developed a set of questionnaires to assess the quality of internal control systems and the performance of the saving cooperatives in the northeastern region Thailand.

3.4 IOC (Index of Item-Objective Congruence) was used to assess the content validity of the questionnaires and found that there was a correlation between the question and the content, with the verification value being between 0.6 and 1.

3.5 Assessed the reliability of the questionnaires. In the pilot study, informants whose characteristics matched those of the informants used in the research were recruited. One cooperative in the province of Ubon Ratchathani was selected at random for this pilot study. With an overall value of 0.89, Cronbach's alpha coefficient (Cronbach, 1970) was used to assess the reliability of the questionnaires. Each part was rated as 1) good internal control system at 0.89, 2) good governance at 0.88, and 3) operational performances at 0.89.

4. Data collection

Two hundred and thirty-seven letters were sent to 79 saving cooperatives in the northeastern region Thailand asking for data collection along with copies of questionnaires. A total of 236 questionnaires were returned.

5. Data analysis

A software package was used to analyze the data from those respondents based on the research's objectives. The statistics used to analyze data consisted of percentage, mean, standard deviation, Pearson's correlation, t-test, and F-test statistics.

Results

The study of good governance influencing the performances of savings cooperatives in the northeastern region of Thailand was found as follows:

Table 1. General information of respondents

General information of respondents	Number of respondents	Percent
Gender		
Male	96	43.80
Female	140	56.30
Total	236	100.00
Level of Education		
Undergraduate	10	4.24
Bachelor's degree	129	54.66
Master's degree	23	9.75
Doctoral degree	74	31.36
Total	236	100.00
Position in the cooperative		
Manager	78	33.05
Accounting Supervisor	77	32.63
Internal Audit Officer	80	33.90
Total	236	100.00

1. The analysis of respondents' general information

According to the analysis of the respondents' general information, 56.30 percent were females, bachelor's degree representing 54.66 percent, and the internal audit officers accounted for 33.90 percent, as shown in Table 1.

2 . The analysis of respondents’ opinions regarding good governance influencing the performances of savings cooperatives in the northeastern region of Thailand

Table 2. Mean and standard deviation of the overall good governance of savings cooperatives in the northeastern region of Thailand

Item	Good internal control system	Level		Interpretation
		\bar{X}	S.D.	
1	Principle of effectiveness	3.99	0.30	High
2	Principle of efficiency	4.01	0.43	High
3	Principle of responsiveness	4.04	0.28	High
4	Principle of accountability	4.01	0.27	High
5	Principle of transparency	4.06	0.32	High
6	Principle of participation	4.05	0.31	High
7	Principle of delegation	4.04	0.33	High
8	Principle of rule of law	4.02	0.28	High
9	Principle of equality	4.06	0.29	High
	Overall	4.03	0.31	High

As shown in Table 2, the overall good governance of savings cooperatives in the northeastern region of Thailand was at a high level ($\bar{X} = 4.03$, S.D. = 0.31). When considering each aspect, it was found that the highest governance was the principle of delegation ($\bar{X} = 4.06$, S.D. = 0.32) and the principle of equality ($\bar{X} = 4.06$, S.D. = 0.29), followed by the principle of transparency ($\bar{X} = 4.04$, S.D. = 0.33), and the least was the principle of effectiveness ($\bar{X} = 3.99$, S.D. = 0.30).

Table 3. Standard deviation of the overall performances of savings cooperatives in the northeastern region of Thailand

Item	Performances	\bar{X}	S.D.	Interpretation
1	Finance aspect	4.04	0.46	High
2	Membership aspect	4.03	0.36	High
3	Internal processes aspect	4.11	0.39	High
4	Learning and development aspect	4.17	0.43	High
	Overall	4.09	0.41	High

As shown in Table 3, the overall performances of savings cooperatives in the northeastern region of Thailand were at a high level ($\bar{X} = 4.09$, S.D. = 0.41). When considering each aspect, it was found that the highest performance was the learning and development aspect ($\bar{X} = 4.17$, S.D. = 0.43), followed by the internal process aspect ($\bar{X} = 4.11$, S.D. = 0.39), and the least was the membership aspect ($\bar{X} = 4.03$, S.D. = 0.36).

3. Analysis of hypothesis testing

Table 4. Correlation comparison of the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand

Good governance principles	Finance aspect	Membership aspect	Internal processes aspect	Learning and development aspect
Pearson Correlation	.364**	.146*	.031	.102

Good governance principles		Finance aspect	Membership aspect	Internal processes aspect	Learning and development aspect
Principle of effectiveness	Sig. (2-tailed)	.000	.025	.631	.117
Principle of efficiency	Pearson Correlation	-.120	.006	-.110	-.070
	Sig. (2-tailed)	.066	.924	.093	.282
Principle of responsiveness	Pearson Correlation	.118	.122	-.028	.171**
	Sig. (2-tailed)	.071	.062	.672	.009
Principle of accountability	Pearson Correlation	-.093	.039	-.044	-.054
	Sig. (2-tailed)	.156	.556	.500	.407
Principle of transparency	Pearson Correlation	.101	.017	.121	.127
	Sig. (2-tailed)	.123	.801	.064	.051
Principle of participation	Pearson Correlation	-.027	-.029	-.125	.033
	Sig. (2-tailed)	.678	.660	.054	.609
Principle of delegation	Pearson Correlation	.118	.122	-.028	.171**
	Sig. (2-tailed)	.071	.062	.672	.009
Principle of rule of law	Pearson Correlation	.146*	.075	0.000	-.098
	Sig. (2-tailed)	.025	.251	1.000	.134
Principle of equality	Pearson Correlation	.118	-.029	.154*	.171**
	Sig. (2-tailed)	.071	.661	.018	.009

** The correlation was statistically significant at the level of 0.01(2-tailed). * The correlation was statistically significant at the level of 0.05 (2-tailed).

As shown in the above table, correlations were statistically significant at the level of 0.01 and 0.05. It could be explained that good governance influencing the performances was correlated, which represented the rejection of the main hypothesis (Ho) and the acceptance of the secondary hypothesis (H1). Therefore, good governance influenced the performances of savings cooperatives in the northeastern region of Thailand, and the result presented at a high level when considering each aspect.

Table 5. Comparison of the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand on the aspect of gender

Performances	Gender	Number of respondents	\bar{X}	S.D.	t	sig
Finance aspect	Male	96	4.16	0.42	-1.123	.029
	Female	139	4.22	0.47		
Membership aspect	Male	96	4.21	0.46	0.492	.226
	Female	139	4.18	0.42		
Internal processes aspect	Male	96	4.17	0.37	0.475	.345
	Female	139	4.14	0.35		
Learning and development aspect	Male	96	4.11	0.32	0.497	.317
	Female	139	4.14	0.34		

As shown in Table 5, the analysis of the performances of savings cooperatives in the northeastern region of Thailand on the gender aspect and the finance aspect revealed a t-test at -1.123 Sig.=.029, followed by the membership aspect t-test at .492 Sig.=.226, internal processes aspect t-test at .475 Sig.=.345, and the learning and development aspect t-test at .497 Sig.=.317. To sum up, every aspect held Sig. value of statistical significance level over .05. It could be explained that the hypothesis (Ho) was accepted and the secondary hypothesis (H1)

was rejected. Therefore, the gender aspect did not influence the performances of savings cooperatives in the northeastern region of Thailand.

Table 6. Comparison of the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand on the aspect of the level of education

Performances		Sum of Squares	df	Mean Square	F	Sig
Finance aspect	Between Groups	.204	3	.068	.335	.800
	Within Groups	46.792	231	.203		
	Total	46.996	234			
Membership aspect	Between Groups	.320	3	.107	.559	.643
	Within Groups	44.063	231	.191		
	Total	44.383	234			
Internal processes aspect	Between Groups	.876	3	.292	2.277	.080
	Within Groups	29.609	231	.128		
	Total	30.485	234			
Learning and development aspect	Between Groups	.727	3	.242	2.200	.089
	Within Groups	25.443	231	.110		
	Total	26.170	234			

As shown in Table 6, the analysis of the performances of savings cooperatives in the northeastern region of Thailand on the finance aspect revealed an F-test at .335 Sig.=.800, followed by the membership aspect F-test at .559 Sig.=.643, the internal processes aspect F-test at 2.277 Sig.=.080, and the learning and development aspect F-test at 2.200 Sig.=.089. To sum up, every aspect held Sig. value of statistical significance level over .05. It could be explained that the hypothesis (Ho) was accepted and the secondary hypothesis (H1) was rejected. Therefore, the level of education aspect did not influence the performances of savings cooperatives in the northeastern region of Thailand.

Table 7. Comparison of the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand on the aspect of the position in the cooperatives

Performances		Sum of Squares	df	Mean Square	F	Sig
Finance aspect	Between Groups	.525	2	.262	1.310	.272
	Within Groups	46.471	232	.200		
	Total	46.996	234			
Membership aspect	Between Groups	.130	2	.065	.341	.711
	Within Groups	44.253	232	.191		
	Total	44.383	234			
Internal processes aspect	Between Groups	.561	2	.280	2.174	.116
	Within Groups	29.924	232	.129		
	Total	30.485	234			
Learning and development aspect	Between Groups	.137	2	.069	.611	.544
	Within Groups	26.033	232	.112		
	Total	26.170	234			

As shown in Table 7, the analysis of the performances of savings cooperatives in the northeastern region of Thailand on the finance aspect revealed an F-test at 1.310 Sig.=.272, followed by the membership aspect F-test at .341 Sig.=.711, the internal processes aspect F-test at 2.174 Sig.=.116, and the learning and development aspect F-test at .611Sig.=.544. To sum up, every aspect held Sig. value of statistical significance level over .05. It could

be explained that the hypothesis (Ho) was accepted and the secondary hypothesis (H1) was rejected. Therefore, the position in the cooperatives did not influence the performances of savings cooperatives in the northeastern region of Thailand.

Discussion

The following research objectives were studied in the northeastern region of Thailand to determine how good governance influenced the performances of savings cooperatives.

1. According to the analysis of the level of good governance implementation of savings cooperatives in the northeastern region of Thailand. Overall, it was found that the principles of good governance were implemented at a high level. This may be because in the present days, Thai society has paid important attention to applying good governance principles to solve organizational problems in both the public and private sectors with weaknesses or inefficiencies in operations. Therefore, those organizations are able to modify the working system, decision-making system, and administration immediately and fairly. Moreover, this can expand the opportunity for people to receive information, and eliminate corruption and misconduct of the law which aim to seek benefits against oneself or the business. The concept of Phola & Chinachot (2018) on factors affecting the implementation of good governance principles of savings cooperatives in Khon Kaen Province, the overall result presented at the highest level which was consistent with the research of the department of cooperative promotion (2018) which stated that cooperatives with good governance on the rule of law must inform the information about rights and how to exercise rights along with activities that promoted and developed knowledge, rules, regulations, laws, education, review of rules, regulations, and announcements. Furthermore, it included the use of regulations in operation, equality of enforcement, announcements of operational discretion, quality development of committee and officers of cooperatives regarding power, rules, regulations, announcements, laws, and procedures for considering offenses and imposing penalties. Likewise, this complied with the research of Khemarungsi (2018) regarding the study of cooperative governance principles of savings cooperatives in Thailand on the aspect of management. It was essential to be an organization with good governance with the support on the element of members, service providers, and administrative committees were promoted to run business based on the principles of good governance in 6 areas: 1) principle of rule of law, 2) principle of virtue, 3) principle of transparency, 4) principle of participation, 5) principle of accountability, and 6) principle of worthiness. These elements were assembled as a whole in order to efficiently operate and cover all sections of the cooperatives. As a result, the cooperatives would be trusted and accepted by various stakeholders and relevant people.

2. The correlation of the good governance influencing the performances of savings cooperatives in the northeastern region of Thailand was at a high level. It was consistent with Whanprao (2014) who found the nine principles of good governance was at a high level focusing on the preparation of performance reports for relevant departments. Therefore, good governance is considered a mechanism for good work that can also be linked to the performances of the department. In addition, the operation is in accordance with the act, rules, and regulations regarding the reflection of honest, accurate, and clear performances as specified by the authority.

3. According to the results of a comparative analysis of opinions on the level of good governance influencing the performances of savings cooperatives in the northeastern region of Thailand classified by personal factors on gender, level of education, and position, it revealed that they were indifferent. It complied with the study of Phanphaphai (2011) about the opinions of government officials of the Office of Agricultural Economics, Ministry of Agriculture and Cooperatives regarding creating good governance within the Office of Agricultural Economics. The study showed no effect on the creation of good governance among different personal factors on different opinions.

Recommendation

1. Recommendations for implementation

1.1 To develop and strengthen good governance in management of savings cooperatives systematically.

1.2 To increase clarity in defining objectives and main goals of the business and integrate principles of accountability with the business in order to create sustainable business value along with the business.

Moreover, instilling corporate values is significant to reflect good corporate governance practices to become corporate culture.

2. Recommendations for further research

It is necessary to conduct a comparative study of the implementation of good governance principles in other types of cooperatives, such as agricultural cooperatives, and service cooperatives, etc. It should also consider information from other sources besides the working committee, such as cooperatives staff members, corporate auditors, government sectors, community societies, and other related organizations to seek the different factors affecting the implementation of good governance principles in terms of the beneficial planning and setting policies for further cooperative management.

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