

# Guidelines for Organizational Development with Good Governance in Thailand's Industrial Sectors

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**Received** March 19, 2024; **Revised** May 3, 2024; **Accepted** June 1, 2024

## Abstract

This article aimed to (1) examine the guidelines for organizational development with good governance in Thailand's industrial sectors and (2) develop a structural equation model for organizational development through good governance in the industrial sector of Thailand. The research sample comprised 500 executives responsible for ethical practices in the Thai industrial sector. This study employed a quantitative research approach, utilizing questionnaires as the research tool and conducting statistical analysis, including structural equation modeling. The research model's compatibility with observed data was affirmed with a p-value of 0.055, CMIN/DF of 1.226, GFI of 0.970, and RMSEA of 0.021, meeting evaluation criteria.

The research results found that transparency components significantly influence the responsibility components, with the highest standardized regression weight at 0.69. The research demonstrates that transparency components exert the most significant direct influence on responsibility components. This underscores the importance of fostering transparency for industrial organizations to become effective leaders, guided by principles of ethical corporate governance. This is essential for efficient business operations and sustainable growth in the long run.

**Keywords:** The guidelines; organizational development; good governance; Thailand's industrial sectors

## Introduction

Competing in the global business arena is an inherent aspect of contemporary commerce. Businesses must acknowledge the escalating competition, particularly in an era characterized by borderless globalization. In response to limited market sizes and inherent disparities across nations, various strategies become imperative for survival amid intensifying competition. These strategies encompass elements such as market leadership, organizational structure, innovation, employee focus, systematization, and communication (Hoffjann, 2024). Furthermore, cultural differences are often cited as a fundamental challenge in expanding internationally. For instance, a Private Equity survey in 2022 revealed that 40% of respondents considered cultural differences a significant challenge for companies engaging in cross-border agreements (Nunes, 2022). Hence, fostering business growth is not only necessary but crucial, as emphasized by Fuchs (1965). If any business lacks an effective management system, its products or services may suffer consequences, potentially leading to a decline in sales. Businesses that grow slowly or fail to grow are often a result of inadequate transparency, inefficiency, lack of stakeholder participation, and a deficient examination process that lacks transparency and fairness. Conversely, a business that implements transparent management and embraces Good Governance instills confidence in its sustainability and profitability. Utilizing ethics contributes not only to a positive reputation but also to a favorable corporate culture. Although establishing ethical practices may require effort, the benefits are well worth the investment (McDonald, 2022). Good Governance are considered fundamental to governance, and it is imperative for entrepreneurs to incorporate them as they facilitate effective leadership. These principles contribute to efficient governance, fostering a work environment where every member of the organization operates happily. Furthermore, they help instill motivation and empowerment among employees to fulfill their assigned duties to the best of their abilities. This, in turn, leads to continuous development and overall success, enabling the business to thrive and advance into the future (Donohue, 2022). Moreover, Good Governance also instill trust and confidence in external individuals associated with the organization. A transparent and ethical organization is likely to be trusted for collaborative business ventures, fostering acceptance and respect both internally among employees and externally with business partners. This mutual trust leads to collaboration, support, willingness to buy, sell, use services, and work together. Employees develop a positive commitment towards the organization, contributing to its overall well-being (Abdullah et al., 2021).

In the amended Constitution of the Kingdom of Thailand, enacted in the year 2560 B.E. (2017), Article 65 stipulates that "the state shall establish national strategies as the sustainable development goals of the country, guided by Good Governance. These strategies shall serve as a framework for formulating plans to propel the politics, economy, and society of the nation." Subsequently, a 20-year National Strategic Plan was proclaimed in the Royal Gazette, Volume 135, Section 82A, with the vision of "a stable, prosperous, and sustainable country, having developed according to the sufficiency economy philosophy." The national strategy for stability emphasizes significant development goals in all dimensions—economic, social, and environmental—towards defined directions and objectives. Both the public and private sectors are directed to manage operations based on Good Governance (National Assembly of Thailand, 2017).

Currently, it is observed that the effectiveness of management in the business sector of Thailand has shown a declining trend, according to the IMD World Competitiveness Center, Switzerland. The institution has released a global competitiveness ranking report covering more than 63 countries in 2023. The overall competitiveness of Thailand is ranked 30th. When examining specific areas, the economic performance is ranked 16th, the efficiency of the public sector is ranked 24th, and the efficiency of the business sector is ranked 23rd (International Institute for Management Development, 2023). Comparing this data with the past 5 years is illustrated in Figure 1.

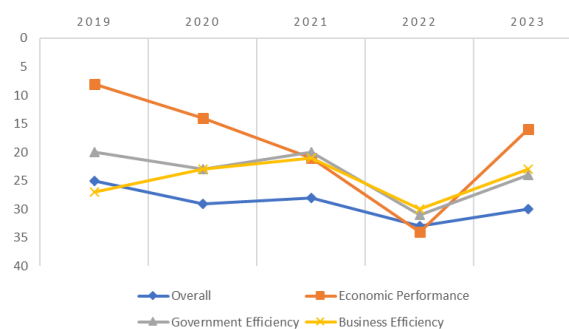


Fig. 1 The competitiveness ranking of Thailand

From the aforementioned issues, it is evident that the management of business organizations in Thailand is not yet efficient, which hinders the success of businesses. Addressing factors that impact business growth is crucial. Developing these factors is essential for entrepreneurs or business owners to enhance their skills, preparing them to operate businesses

more efficiently. Therefore, it is advisable to adopt management principles that emphasize fairness, participation, and accountability, aiming to achieve maximum efficiency and effectiveness. This approach is essential for the development and efficient growth of businesses. An organization that manages its operations strictly based on Good Governance will lead to a workforce that is content in their work. This is because leaders understand and ensure equal fairness for everyone, resulting in high-quality output. Therefore, the researchers are interested in studying the development of organizations through Good Governance in the industrial sector of Thailand. This study aims to provide business owners with valuable insights from the research, enabling them to build a foundation of Good Governance. Such principles are crucial for ensuring the efficient operation and sustainable growth of businesses in the long run.

### **Research Objectives**

1. To examine the components of the development approach of organizations based on Good Governance in the industrial sector of Thailand.
2. To develop a structural equation model for the development approach of organizations based on Good Governance in the industrial sector of Thailand.

### **Literature Review**

Good Governance is an approach to managing and overseeing various operations in a just and fair manner. It enables organizations to operate efficiently and effectively by considering the roles and participation of all relevant parties. Good Governance is a crucial tool for leading sustainable development in organizations, societies, and nations. Organizations that have management systems grounded in Good Governance principles cultivate a strong sense of ethical management, leading to sustainable benefits for both the organization and its stakeholders. This includes gaining trust, confidence, and commitment, fostering motivation among employees, retaining talented individuals, promoting continuous learning and innovation, enhancing competitiveness, and ensuring the long-term success of the business (UNESCAP, 2009). Good Governance comes from the combination of two words: Dhamma, meaning righteousness, goodness, correctness, regulations, and laws; and Api ban, meaning maintaining and governing (Royal Institute, 2016). Additionally, researchers have defined Good Governance as follows:

Good Governance refers to the management strategy based on ethical and moral principles that leaders apply to govern an organization. It is employed to establish policies and

organizational cultures, aiming to effectively reduce conflicts of interest. Additionally, it contributes to the success and growth of the business (Darweesh, 2015).

Good Governance refers to the organizational culture or the strategy of an organization used to oversee and manage operations, aiming to enhance efficiency and effectiveness. It also helps reduce internal operational issues within the organization and serves as a crucial driver for sustainable business growth (Adebayo et al., 2013).

The United Nations Development Programme (2020) has established 9 international principles of Good Governance, consisting of:

1. Participation means that everyone has the opportunity to be involved in awareness, learning, understanding, expressing viewpoints, presenting problems, or addressing relevant issues. It involves contributing ideas for development, participating in problem solving, and being part of the decision-making process, either directly or through fair and representative institutions. In this context, broad and open participation should be based on the foundation of freedom of association, and it should be reasoned and creative.

2. Rule of Law is the use of legal authority, where the law must be just and impartial, without discrimination. It should consider the freedoms of individuals affected by their actions, especially in matters related to human rights.

3. Transparency is the disclosure of information straightforwardly, allowing inquiries for clarification or verification when there are doubts. Information should be accessible freely without legal restrictions. Additionally, the information provided must be sufficient for understanding and assessment.

4. Responsiveness is the act of taking care to build confidence and trust, including responding to the expectations or needs of diverse and varied stakeholders.

5. Consensus-Oriented principle refers to policies or processes that seek opinions from relevant stakeholders to reach a mutual agreement that maximizes benefits for all parties involved. It should aim to have no unresolved objections on key issues.

6. Equity involves treating everyone equally without discrimination based on birthplace, ethnicity, language, gender, age, disability, physical condition, health, personal status, economic and social status, religious beliefs, education, training, and other factors.

7. Effectiveness and Efficiency involves setting clear goals, having standardized work processes and systems, along with monitoring for evaluation and continuous improvement.

Additionally, it includes appropriate management to utilize resources such as cost, labor, and time to achieve maximum benefits.

8. Accountability is that organizational leaders must demonstrate responsibility in carrying out their duties and achieving the set goals. This includes being accountable for addressing public issues as well.

9. Strategic Vision is the perspective that organizational leaders must have, with a broad view and long-term outlook, regarding business management and societal development. This includes having an awareness of the essential needs for such development and an understanding of the intricate cultural and social contexts associated with each issue. The emphasis is on achieving successful organizational performance and creating satisfaction among stakeholders.

In summary, Good Governance is related to collaborative practices and is a crucial approach for organizing to enable all sectors to coexist peacefully, adhering to principles of correctness and fairness. Business operators must apply the principles of Good Governance in organizational management to facilitate effective governance, resulting in a harmonious work environment. This, in turn, leads to all personnel within the organization working together happily while fulfilling their assigned duties to the best of their abilities. Such practices benefit the organization, fostering advancements and progress in the future. This research will utilize Good Governance as a guiding principle for developing and enhancing industrial business organizations towards sustainable growth.

From the research objectives, literature review, and related research, the researcher has gathered the nine international principles of good governance into four important elements for further use in the exploratory factor analysis, as follows:

1. The foundation for operating a successful enterprise is based on ethics, which encompasses treating employees and customers fairly and ensuring transparent business conduct with honesty and integrity. There are operating standards that focus on customer satisfaction social responsibility, and business practices that are accepted by the surrounding community without having an impact on the environment (Sabir et al., 2019). An organization that supports good business will help the organization perform better (Buchana & Sithole, 2023), resulting in the transparency component.

2. Establish a flexible organizational structure that is suitable for business operations, and provide training to enhance the necessary skills and knowledge for employees, including fair treatment of employees to ensure that they are motivated to work. It is important to make

employees happy because successful and efficient business operations depend on developing the potential of culturally diverse team members to work with common principles and goals (Sibble–McLeod, 2018). Organizational leaders are required to provide training and impart knowledge to their employees in order to improve their skill, foster creativity, and encourage them to brainstorm ideas for collaboration with others. Which is developing the ability to achieve the organizations goals and create satisfaction for stakeholders (Anosike, 2016), resulting in the accountability component.

3. Successful business operations will require cooperation from business partners and alliances. Organization leaders must communicate their objectives to network members. Furthermore, an organizational culture must exist that supports transparency and open business operations (Vidotto, 2014). Therefore, the group establishes a network of business cooperation. It is essential to jointly formulate a strategic plan, and to facilitate the exchange of news and valuable information among members. In addition to procuring sufficient raw materials for the production of products, collaboration is imperative to conduct research and enhance the quality of products to meet the requirements of customers (Lostakova & Pecinova, 2014), resulting in the participation component.

4. It is imperative for executives to effectively manage their teams by consistently improving and enhancing their work procedures. This is accomplished by creating marketing strategies that affect competitive advantage (Williams, 2003). The primary driver that organizations must incorporate to enhance their competitive capabilities is customer satisfaction. This leads to enhanced economic efficacy and sustainable growth for the organization (Rauter et al., 2017), resulting in the effectiveness and efficiency component.

## Conceptual Framework

From the results of the exploratory factor analysis, the researchers have formulated the research hypotheses based on the theory. These hypotheses can be summarized as follows:

Hypothesis 1 (H1): The transparency component directly influences the accountability component.

Hypothesis 2 (H2): The transparency component directly influences the participation component.

Hypothesis 3 (H3): The participation component directly influences the effectiveness and efficiency component.

Hypothesis 4 (H4): The accountability component directly influences the effectiveness and efficiency component.

Hypothesis 5 (H5): The accountability component directly influences the participation component.

Developing the five hypotheses into a conceptual framework is illustrated in Figure 2

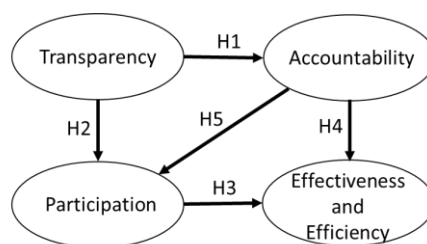


Fig. 2 Conceptual Framework

## Research Methodology

The population used in this research consists of executives responsible for governance in large-scale manufacturing industries, as well as medium and small-sized industrial businesses located in Thailand. The total number is 89,352 (The Office of SMEs Promotion, 2022). This research employs hypothetical testing and analyzes the research findings using a Structural Equation Model (SEM). The number of sample groups used for analysis is determined by specifying the ratio between the sample units according to the number of parameters or variables according to the formula proposed by Hair et al. (2010), which states that the suitable number of sample groups for analyzing multivariate statistics should be at least 5–10 times the number of indicators. In this research study, the questionnaire consists of 40 questions. The minimum number of sample groups should be around 400. Therefore, the researcher collected data from a total of 500 sample groups. The sampling method used is a multi-stage sampling approach, comprising cluster sampling and systematic sampling. Data were collected from sample groups within the industrial sector based on the proportion of executives responsible for governance in the industrial sector, as calculated from the total population.

The research was conducted using a qualitative approach with an in-depth interview technique involving 9 experts. The sample selection method employed a specific and targeted



approach. The research tools included a structured interview with open-ended questions. Subsequently, the researchers developed a draft questionnaire for the quantitative research aspect, utilizing a Likert-scale rating system with a 5-level evaluation criterion. The questionnaire was provided to 5 experts with knowledge and experience in the study area to assess the tool's quality by examining the congruence index between the questions and the research objectives (Index of Item-Objective Congruence: IOC). The results of checking the congruence index between the questions and the research objectives fall within the range of 0.60–1.00, with the appropriate value being 0.50 and above (Turner & Carlson, 2003). Subsequently, the researchers conducted a try-out of the questionnaire with a population similar to the one studied, consisting of 30 individuals, to analyze discrimination for the checklist-type questions and correlation for the Likert-scale questions. The discrimination index ranges from 0.45 to 1.39, while the reliability of the entire questionnaire is 0.99, indicating excellent reliability (George & Mallery, 2003). The research tools were then used to collect data by requesting respondents to answer the questionnaire in the sample group.

The analysis of the survey components used data from the responses to a 40-item questionnaire in a sample group of 500 individuals. The analysis was conducted using the SPSS software. Initially, the components were extracted through Principal Component Analysis, and then the components were rotated using Varimax rotation to identify the organizational development dimensions based on the Good Governance in the industrial sector in Thailand. The researchers considered the components that were deemed appropriate, selecting four components based on international Good Governance derived from a literature review and relevant research. The selected dimensions were Transparency, Accountability, Participation, and Effectiveness and Efficiency. The criteria for selection included having at least three variables describing each dimension, eigenvalues greater than 1, cumulative variance exceeding 60%, and factor loadings greater than 0.3 for each variable within the component (Angsuchot, 2009).

The results of the exploratory factor analysis were used to create a framework for building a model and developing a structural equation model using the AMOS software. The criteria for evaluating the data-model fit consisted of four values: 1) the p-value greater than 0.05, 2) the CMIN/DF (chi-square/degrees of freedom) less than 2.00, 3) the goodness-of-fit index (GFI) greater than 0.90, and 4) the root mean square error of approximation (RMSEA) less than 0.08 (Arbuckle, 2016).

## Research Results

The result of the exploratory factor analysis, according to the objective of studying the components to develop organizational guidelines based on Good Governance principles in the industrial sector of Thailand, was conducted by extracting the initial components using the Principal Component Analysis and rotating the factors using the Varimax method. This aimed to identify and assess the suitability of the components, resulting in four components based on international Good Governance principles derived from literature reviews and relevant research. The names of each component, which met the criteria based on the characteristics indicated by these variables, are presented in Table 1.

**Table 1** Summary the Results of the Exploratory Factor Analysis of the Variables

Components	Name of Components	Eigen Value	Percentage of Variance	Percentage of Cumulative Variance	Variable (Item)
1	Accountability	9.82	24.54	24.54	10
2	Participation	2.83	7.09	31.63	10
3	Effectiveness and Efficiency	2.41	6.02	37.65	10
4	Transparency	2.20	5.50	43.15	10
<b>Total</b>					<b>40</b>

From Table 1, the results of the exploratory factor analysis of the variables for organizational development based on the principles of Good Governance in the industrial sector of Thailand are summarized. The components that passed the criteria consist of four components: Accountability with 10 variables, Participation with 10 variables, Effectiveness and Efficiency with 10 variables, and Transparency with 10 variables, totaling 40 variables.

The results of the analysis of the structural equation model developed by the researchers, according to the objectives to develop a structural equation model for organizational development based on the principles of Good Governance in the industrial sector of Thailand, indicate that it did not meet the criteria for a good fit with the observed data. The statistical values are as follows:  $p\text{-value} = 0.000$ ,  $\text{CMIN/DF} = 2.317$ ,  $\text{GFI} = 0.848$ , and  $\text{RMSEA} = 0.051$ . Therefore, the researchers adjusted the model by considering pairs of variables with the highest Modification Indices (M.I.) and then modifying the model using three adjustment methods to improve the fit with the observed data (Silpcharu, 2020): 1) adjusting components by removing some variables, 2)

adjusting components by consolidating variables, and 3) adjusting components by connecting arrow lines. The revised model showed a good fit with the observed data, with statistical values of  $p$ -value = 0.055, CMIN/DF = 1.226, GFI = 0.970, and RMSEA = 0.021. The statistical significance is 0.001, and the model aligns well with both the literature and the observed data, as shown in Figure 3.

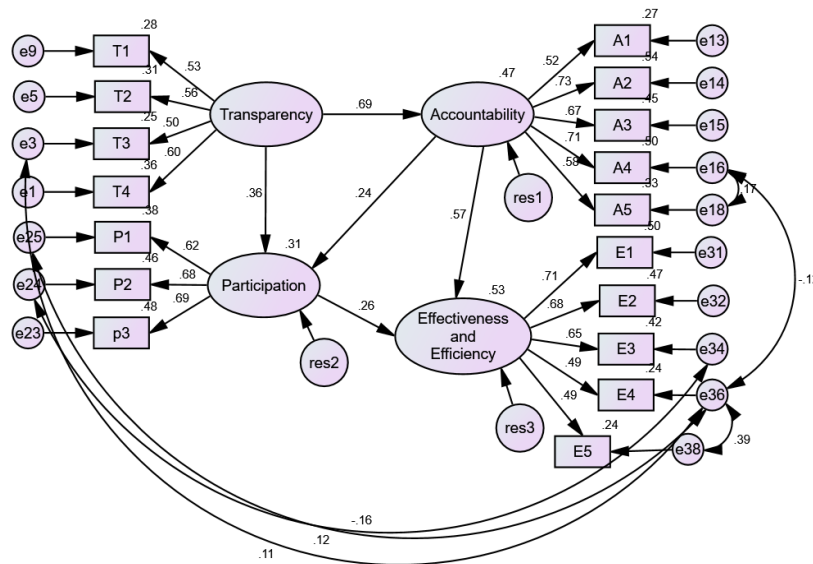


Fig. 3 Path Diagram of the Structural Equation Model

Table 2 Observational Variables

Abbreviation	Description
<b>Transparency</b>	
T1	Communicate and instill business ethics in employees and encourage everyone to practice it.
T2	Operate in accordance with the laws and regulations that are in effect, strictly adhering to them.
T3	Develop emergency response plans that may occur and impact the nearby community, ensuring comprehensive reporting systems to relevant stakeholders.
T4	Manage operations with clarity and transparency, allowing related units to conduct thorough inspections.
<b>Accountability</b>	
A1	Establishing the structure of interconnected units to perform duties according to the chain of command.
A2	Facilitating two-way communication between supervisors and subordinates to inform them about standards or identified areas for improvement.
A3	Creating a conducive working environment that supports activities without hindrance to team operations.

Abbreviation	Description
A4	Assigning responsibilities to team members based on their capabilities and competencies.
A5	Monitoring and evaluating the progress of tasks to continuously develop and improve operational practices.
<b>Participation</b>	
P1	Ensure there is a summary and review of what the network has collectively learned to find continuous improvement and development directions.
P2	Organize collaborative activities with the network to build strong relationships among members.
P3	Establish communication channels for public relations, information exchange, and sharing experiences within the network to enhance operational efficiency.
<b>Effectiveness and Efficiency</b>	
E1	Implement a customer relationship service system to allow consumers to file complaints and inquire about product-related issues.
E2	Maintain a customer service team to provide consultation before, during, and after the sale of products/services.
E3	Enable the customer service team to promptly resolve customer issues within specified timeframes.
E4	Maintain accurate customer databases in the system.
E5	Utilize suitable technology for communication to allow customers to provide feedback or file complaints.

The results of hypothesis testing to analyze the causal relationships between latent variables in the structural equation model for organizational development using the principles of good governance in the industrial sector of Thailand revealed 5 hypotheses as follows:

Hypothesis 1 (H1): The component related to transparency has a significant direct influence on the component related to accountability, with a statistically significant level of 0.001 and a Standardized Regression Weight of 0.69.

Hypothesis 2 (H2): The component related to transparency has a significant direct influence on the component related to participation, with a statistically significant level of 0.001 and a Standardized Regression Weight of 0.36.

Hypothesis 3 (H3): The component related to participation has a significant direct influence on the component related to effectiveness and efficiency, with a statistically significant level of 0.001 and a Standardized Regression Weight of 0.26.

Hypothesis 4 (H4): The component related to accountability has a significant direct influence on the component related to effectiveness and efficiency, with a statistically significant level of 0.001 and a Standardized Regression Weight of 0.57.

Hypothesis 5 (H5): The component related to accountability has a significant direct influence on the component related to participation, with a statistically significant level of 0.001 and a Standardized Regression Weight of 0.24.

## Discussions

**The results of the analysis of the research model based on Figure 3 can be discussed as follows:**

1. The transparency component directly influences the responsibility component in alignment with the research by Ortega-Rodríguez et al. (2020). Their study emphasizes the significance of transparency as a crucial component in responsibility within non-profit organizations. It highlights the importance of systematically developing organizational knowledge related to transparent disclosure in this context. Furthermore, sustainable development goals outlined by the United Nations also emphasize transparency in the responsibilities of various institutions. To achieve sustainable development, both institutional integrity and oversight are necessary, addressing corruption and promoting transparency as essential objectives for societal progress. The research by Kohler and Dimancesco (2020) addresses measures against corruption, transparency, and responsibility, suggesting that these measures may reduce the risk of corruption in public procurement of medicines. Public procurement poses a high risk of corruption, particularly in the healthcare sector. Moreover, corruption in the procurement process is not limited to any specific government level or type of healthcare system. It is crucial to integrate mechanisms for responsibility, transparency, and improved anti-corruption efforts in the procurement process to mitigate the risk of corruption. The lessons learned emphasize the importance of anti-corruption mechanisms, transparency, and responsibility in the procurement of medicines. For example, implementing open contracts and agreements on honesty can be beneficial in reducing the risk of corruption.

2. The transparency component has a direct influence on the participation component, consistent with the research by Buell et al. (2021). Their research concludes that transparency in operations increases trust and collaboration with the government. The results indicate that showcasing work carried out by the government through transparency in operations stimulates

individuals to work more autonomously. These outcomes have implications for the design of diverse collaborative production services, where operational processes are transparent, and consumer trust and involvement are crucial. Additionally, Moon's (2020) research has summarized that new open government initiatives have shifted their policy focus from simple right-to-know to open data; the nature of information from traditional paper-based forms of information to machine-readable and reusable data; primary values from transparency to citizen participation and networked collaborative governance; and role of citizens from passive informed and service recipients to active co-producers of public services and users of open data. These points are specifically illustrated in this paper with selected open government initiatives undertaken by the Korean government.

3. The participation component directly influences the effectiveness and efficiency component, aligning with the research on the role of big data and social media analytics for business sustainability by Sivarajah et al. (2020). This research highlights the potential of big data and social media analytics within a participatory web environment to assist organizations in generating sustainable profits and maintaining sustainability through strategic operations and business activities related to marketing. Chen and Liu's (2020) research investigated customer participation and environmentally friendly product innovation in SMEs. The study found that customer participation can be a feasible approach to cope with customer pressure and promote environmentally friendly product innovation in SMEs. Drawing from the literature on stakeholder engagement and the entrepreneurial process, the researchers suggested that customer participation could contribute to enhancing environmentally friendly product innovation by facilitating awareness and leveraging opportunities for SMEs.

4. The accountability component has a direct influence on the performance and efficiency component, aligning with the research of Sibanda et al. (2020). The research results on control and responsibility in supply chain management (SCM) indicate weak internal control operations and auditing policies. This weakness allows internal audits and oversight committees to examine unethical SCM practices such as lack of fairness, lack of transparency, collusion, lack of competition, and cost inefficiency in a delayed manner. The consequent outcome is a failure to adhere to SCM policies, procurement processes and competitive bidding, political manipulation, and corruption trends. These issues must be promptly addressed to mitigate risks in SCM processes. Also, the research by Ojogiwa (2021) focuses on the critical issues of strategic leadership for transforming public sector management in Nigeria. The results indicate that strategic

leadership is a dimension of strategic management positively correlated with organizational performance. Therefore, Nigeria's public organizations need to pay special attention to the foundations and characteristics of strategic leadership for achieving the desired transformations. Furthermore, the avenues for leadership and the existing power structures in the public sector should be reoriented to enhance the efficiency and effectiveness of public service systems.

5. The accountability component directly influences the participation component, as corroborated by the research of Hardiningsih et al. (2020). Their analysis focused on the influence of tool resources, organizational commitment, and internal control on the allocation responsibility of village funds. The study found that tool resources, organizational commitment, and internal control have a positive impact on the responsibility of allocating village funds. The research further proves that organizational commitment positively contributes to achieving responsibility. This implies that the more commitment facilitated by government mechanisms, the better the impact on responsibility in managing public funds. Additionally, the study by Ashsifa et al. (2023), which analyzed the effectiveness of village fund management, supports the positive impact of responsibility and transparency on the performance of village fund management in the Pati district. Therefore, budget allocation can enhance community potential and serve as information to improve the community's expertise.

## Conclusion

Based on the results of testing hypothesis 1 (H1), the transparency component has a direct influence on the accountability component, with a maximum Standardized Regression Weight of 0.69. This indicates that for industrial businesses to transition into business leaders, managers and employees must operate with transparency. The principles of good corporate governance to guide business operations, fostering honesty, responsibility, and safeguarding the interests of stakeholders. Furthermore, it involves providing opportunities for stakeholders to participate in business governance, offering feedback on business operations, and establishing mechanisms and processes for genuine operations. This leads to the creation of an organization with effective corporate governance, adhering to standards in business operations, and being accepted by all stakeholders. This is crucial for efficient business operations and sustainable growth.

## Suggestions

1. Industrial business organizations can apply Good Governance in the industrial sector of the country to develop their organizations. This involves establishing policies and formulating strategic plans to effectively drive the organization forward in various situations. Implementing such measures will lead to sustainable growth for the business.

2. Government organizations can utilize research findings as guidelines to support industrial business organizations by encouraging the adoption of Good Governance in continuous organizational management. There should be ongoing efforts to monitor and adjust practices to align with relevant economic, social, and environmental requirements and laws. This approach will contribute to enhancing competitiveness and fostering sustainable growth both domestically and internationally.

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