

# PARTICIPATORY BUSINESS COMMUNITY MANAGEMENT OF LAI HIN SUB-DISTRICT, KOKHA DISTRICT, LAMPANG PROVINCE

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**Abstract**—The purpose of this research was to organize participatory management systems and preparation the management information systems of business community of Lai Hin Sub-district, KoKha District, Lampang Province. The data were collected from the leaders and members of the group including community leaders by interviewing, observation, focus group discussion, and satisfaction assessment form. Data were analyzed by comparison content and by using arithmetic mean.

The results showed that the group produced germinated brown rice for consuming themselves and enlarge to distribute, but the management was not a definite systematic, neither the segregation of duty nor source of document. The researchers and the Group together developed the system of participatory management by starting developing organization structure and segregation of duty by production task, marketing task, and financial accounting task, and then developed accounting system, production/goods system, and sale/customer system to be in the form of the management information system. The result of evaluated satisfaction of the systems found that the Group satisfied with the highest level. Moreover, the result of evaluated worth on investment found that there was payback period within one year, cash flow was sufficient to operate and internal rate of return (IRR) was worthwhile.

**Index Terms**—Business Community Management, Management Information System.

## I. INTRODUCTION

The Eleventh National Economic and Social Development Plan (2012-2016)[1] identified that the country was faced with the impact of economic and social change. There were opportunities and risks to develop the country. The entity all sectors need to make a strong immunization to face the impact of change appropriately. In the philosophy of Sufficiency Economy, immunization was strengthening community from their social capital as geographic, history, lifestyle, art and culture, and folk wisdom. These were important factors that influence on sufficiency community and social development. [2]

The policy of Lampang province was to encourage production and distribute agricultural products for export and domestic consuming which is correspond with the Eleventh National Economic and Social Development Plan (2012-2016). Lai Hin Sub-district, KoKha District was potentiality community of rice production in Lampang province. There was used geographic advantage with agriculture area 7,838 rai, and for rice plant area 5,650 rai or 72.08 percentage of the area. [3] This sub-district had the group that converted rice to be germinated brown rice, it was high Phenolic compounds and GABA to recover health, Anti-oxidants, and stress reduction. [4] LampangRajabhat University supported researchers to research for community development. The researchers with the leaders of Lai Hin Sub-district together studied background of the germinated brown rice group as Lai Hin Sub-district found that the group operated two years ago and they bought Jasmine paddy type 105 from

this sub-district farmers for 12,240 kilogram per year and other sub-district farmers for 6,000 kilogram per year, and converted paddy to be germinated brown rice, but the management was not a definite systematic, neither the segregation of duty nor source of document systematically. The financial information collection is not sufficient to prepare a financial report. [5]



Figure 2 deep interview the leaders of the group.

From these problems, the researchers with the leaders of the group together brought business administration knowledge to develop proposition research, there were information system and participatory management of the group of germinated brown rice as Lai Hin Sub-district, KoKha District, Lampang province, to build strengthening business community, drive community economy, and develop social capital to be immunization for readiness to accommodate the impact of the change appropriately.

## II. LITERATURE REVIEW

The researchers studied the concept of participatory action research [6] which means voluntary

participated together by thinking, making decision, assessing, and taking advantage. The core of development participatory action research [7] means community management and people participation is the process that has the objective to encourage community in taking advantage from their resources by establishing the group of business community. There were external researchers coming to facilitate, train and develop skills of the community. This participatory action research brought many concepts to guide the methodology; there were management concept, marketing concept, production cycle concept, financial accounting concept, worthiness analysis concept, and information system concept.

Management concept [8] consisted of four business activities. There were (1) planning; that was procedures of the way to achieve the objective, (2) organizing; that was organization structure, assignments or resources allocation to appropriate strategy, (3) directing or leading; that was communication process and human resource arrangement in the organize to collaborate task to achieve objectives, and (4) controlling; that was monitoring and assessing the operation for effectiveness and efficiency.

Marketing concept, the researchers applied theories consisted of value network and marketing-channel system. [9] The value network was collaboration system of partnerships and alliances that organization had established attempt to find goods resources, value added and offer to consumers. In the otherwise, marketing-channel or trade channel or distribution channel was (1) merchants who stored inventory and sold out to customers, (2) agent who negotiated instead of the owner's inventory and (3) facilitators who facilitated distribution goods to consumers as transportation, warehouse, bank, and advertising company etc.

Production cycle concept [10] consisted of four steps. There were (1) product design; that was a product designed for customer requirements in quality, durability, and functionality while simultaneously minimizing production cost, (2) planning and scheduling, that was a production planed efficiently enough for existing orders and anticipating short-term demand without creating excess finished goods inventories, (3) production operation; that was accomplished products based on production plans, and (4) cost accounting; that was production cost 3 categories collected as direct materials cost, direct labors cost and manufacturing overhead cost).

Financial Accounting concepts; [11] that were systems performed collection, grouping, and processes data into information for decision making. This information called financial reporting consists of managerial reports and financial statement. Managerial reports; [12] there were budgets and performance reports, these reports used in planning, directing, and controlling within organization operation. Financial statement [13] consists of the

statement of financial position, the statement of comprehensive income, the statement of change in owner's equity, the statement of cash flow, and notes to financial statement. These were information for stakeholders. In the other words, worthiness analysis concept [14] used planning for capital investment; there were payback period, net present value, and internal rate of return.

Information system concept; [15] that was system consists of hardware and software together operated data collection, data processing, data storage, and data distribution for supporting decision making and controlling internal organization. System develop life cycle: SDLC [16] consists of seven steps. There were (1) planning scoping system, resources and time frame for operation, (2) business requirement analysis to set appropriate system, (3) system or structure design to support system, (4) system development by creating programs and databases, (5) system testing (6) implementation, documentation and training, and (7) operation and maintenance.

In the field of accounting, the information system is used for preparation and presentation financial statement called the accounting information system. [17] That was enterprise's accounting system that use accounting software to record data classification, analysis, accounting reports which may consist of sup-systems supported system as revenues system, expenditure system and inventory system.

Eventually, the researcher compounded all of concepts to develop conceptual framework as showed in figure 1.

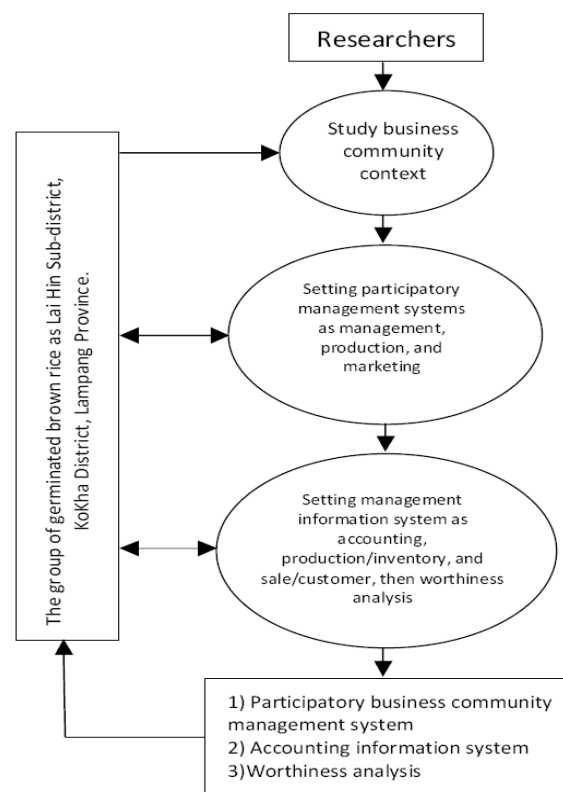


Figure 1 research conceptual framework

### III. RESEARCH METHODOLOGY

This participatory action research aims to solve the problems of the group, the new knowledge gain from the conclusion. Research scope, tools, and data analysis consist of:-

a. Research scopes separated into four sections, (1) research area; the group of germinated brown rice as Lai Hin Sub-district, KoKha District, Lampang Province, (2) contents; study context of the group to set participatory management system composed of accounting system, marketing system, production system, information system, and worthiness analysis, (3) population; the leaders and members of the group 15 persons, Mayor of Lai Hin Sub-district Municipality, the abbot of Chai Mong-Khon temple and headman village Moo 6 of Lai Hin Sub-district, and (4) period research; January to December, 2014.

b. Research tools comprised of (1) interviewing by unstructured interview, (2) observations by non-participant observation and participant observation, (3) focus group discussions, and (4) evaluated satisfaction form.

c. Data analysis performed by content analysis data from interview, observation, and focus group discussions to compare with theories then operation process synthesis to be appropriate of the groups, and use mean in the data analysis from the evaluation of the management system of the group.

### IV. RESULTS

#### a. Context analysis, operation problem and guideline to solve problem



Figure 3 production germinated brown rice

The results from In-depth interview to get management knowledge from leader's group and Chai-Mongkol temple abbot found that the concept of germinated brown rice production came from intention to share high quality rice for meditation visitors. Therefrom, he studied production procedure and provided jasmine paddy type 105 from Lai Hin sub-district. After that there was more demand from customers in community. Then the abbot recommended community to establish the group for

producing and distributing the germinate brown rice and registration with Lai Hin Sub-district municipality, KoKha District, Lampang province on November 4, 2011 in the name of "Lai Hin Sub-district germinated brown rice group for health", the registration document number 8/2011. The operation analysis found that neither financial data collection nor sources document was not systematic, therefrom, the group couldn't know cash flow, production cost, operation profit, detail of asset, and net liability in the end of period.

#### b. The participatory management of germinated brown rice group



Figure 4 focus group discussions

The result of focus group discussions and synthesis the problems to arrange participatory operation process found that the group need organization structure chart and segregation of duties. The researcher and the group together set the organization chart there were the committee acted in planning and monitoring operation, and the manager who controlled action plan, directing, authorization, and operation control. There were job segregation and job description as follows;

Table 1 Showed synthesis of the department and task.

Department	Task	description
Production	- procurement and raw materials storage	To provide, purchasing, and storage of raw materials.
	- production	Production operation. Documentation for purchasing, requisition, and receiving report of finish goods.
	- sale and shipping	Marketing plan, retailing, installment sale, and shipping.
Marketing	- finished goods	Finished goods storage. Invoicing, billing and stock card of finished goods.
	- accounting and financial accounting	Collecting source document from each department to process data into information. Cash and bank control. Payroll. Enrollment member.

### c. Management information system of germinated brown rice group.



Figure 5 workshop of the information system.

The result of focus group discussion and observation for requirement analysis, and synthesis the appropriate system found that the group needed the information system to fit their department and task, that separated into three systems included production/goods system, sale/customer, and accounting system. There were (1) the production/goods was used to record relevant data as follows; purchasing and receiving report, and taking finished goods, and selling production. It was specify material and finished goods report by the end of each period, (2) the sale/customer systems was linked to the accounting system. It was used to record retailing and installment sale, customer details and background. It was specify sale report and customer report by the end of each period. And (3) the accounting system was used to record data in the journal and posted to the ledger including preparation financial reporting. These were managerial report as performance report, in addition to, financial statement as the statement of income and the statement of financial position. That financial reporting could specify the period that the group required. Moreover, the result of system assessment found that the highest satisfaction in configuration mean was 4.57 and using the systems mean was 4.71, In the otherwise, worthwhile of the investment analysis in payback period was 8 month 9 days, net present value was 367,014.62bath and internal rate of return was 145%

## V. DISCUSSION

This research was participatory operation by adapted their resource, environment, culture and folk wisdom, consistent with the research of [18] who said community managed their advantage of social capital for increase their income. According to the solving problem of the group, there was used concept of management, production, marketing, and financial accounting underlying participatory process. That is consistent with the research of [19] who said the systematic operation of business community was stability in procession of production, marketing, and financial accounting including incurring good relationship customer. In the event of management

information system, the group linked data in each system. That is consistent with the research of [20] who said the linkage of data that could decrease working procedure, increasing work process, and reducing operation cost. In this situation, the group wanted to keep on appropriated level production cost, which is consistent with the research of [21] who said recording production cost data could be used in cost management and cost controlefficiently. The financial reporting from the system could audit operation of the group, which is consistent with the study of [22]who identified checking financial information, it was good internal control. The result of evaluations of the information system, which is consistent with the research of [23] who said training user before implementation effected on information systems satisfaction at the highest level. The worthiness analysis of the group, which is consistent with the research of[24] who said the evaluated of business community's payback period shouldn't over five years, net present value covered investment cost value, internal rate of return over a 12 months fixed deposit interest of the commercial bank. Moreover, the research found that management information system for large organization business could be applied to career group or small business community, the method was changed format and usage procedure for supporting appropriate operation. Finally, the results of this research incurred operation development of the business community as Lai Hin Sub-district, KoKha District, Lampang Province. Strengthening and making a strong immunization for the economy and social impact.

## SUGGESTION

a. The suggestion of this participatory action research was that should be adapted for other business community by using the participatory management system and management information system, there for generalization in the future

b. The future research, there should develop the accounting information systems in data recording and data processing by online system. That could increase operation efficiency of the organization.

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