

Factors in Mobilization of Local Financial Resources for the New Rural Development in Thanh Hoa Province's Mountainous Communes

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Abstract: This study emphasizes on assessing the effect of factors on making contributions into the development of new countryside by households in Thanh Hoa's mountainous communes. Factors include average monthly income, average monthly expenditure, the number of communication methods, the number of social organizations of communication, level of confidence in communication methods and in social organizations, etc. The data is collected from questionnaires delivered to households in Thanh Hoa's mountainous communes. After sorting from many factors, the writer focuses on average income and expenditure per month, level of confidence in the program and authority leaders, the number of communication methods and political and social organizations of communication. The accredited studies show that 6 factors in contributions of households into the program on new rural development in the locality. The study has also given some recommendations to enhance the efficiency of new rural development.

Key words: Financial resources, new rural development, mountainous communes, methods, leaders, communication

INTRODUCTION

The National Target Program on New Rural Development aims at the comprehensive rural development in economic, cultural and social affairs and local authorities. The state's budget and other funds cannot fulfil all demands for the development, so, the mobilization of local financial resources is considered as the most critical solution to promote new rural development. Local financial resources include cash, materials, workforce, etc. The people's decision on investing their financial resources depends on many reasons such as financial capability, anxiety about risks, etc. The analysis of factors in the mobilization of local financial resources supports to find out effective solutions to appeal to local financial resources for new rural development.

Overview: The rural development has been discussed in a lot of Foreign and Vietnamese studies with many findings and different approaches. The study of "The concept of rurality and the rural-urban relationship as perceived by young people" by Gennaro (2002) points out the rurality is a controversial concept in decades. The concept of rurality is not being homogeneously defined based different classification criteria such as population,

political structure, functions, infrastructure, etc. Different countries set out different criteria to classify the rural areas.

The new rural development has been carried out in many countries with different approaches and operations which are analyzed to apply efficiently into Vietnam. The rural development in the United States has been performed through "Agricultural business". The concept of "Agricultural business" reflects the nature of agricultural enterprises in the modern US economy. Agricultural business is related to agricultural companies with a variety of farm structures such as household farming, large corporations and multi-companies with a large number of lands and production facilities to supply products, materials and goods for farmers. The success of the new village movement has considerably improved the Korean rural areas. The basic rural infrastructure has been completed within only 8 years. In Vietnam, the new rural development has brought about positive outcomes after 5 years of performance. The study titled "The new rural development in Vietnam" by Phan Xuan Son and Nguyen Canh has highlighted three main ideas including the necessity of Vietnamese countryside renovation, initial criteria of new rural development and the close and interactive relationship of main factors of the new-type countryside including economy, politics, culture, people,

etc. The government plays an important role in directing and managing plans and performance under policies, developing schemes, mechanism and legal frames, supporting funds, techniques and other resources and promoting the efficient performance. Local people voluntarily and seriously perform policies and obligations. The study of PhD, Bich (2007) has pointed out limitations and shortcomings in the new rural development in Vietnam, especially in the implementation of resolutions of the government in practice. The study has also analyzed inadequacies in setting goals to satisfy criteria of new rural development. For example, the potential power of local people could not be promoted in the very short execution time and it is difficult to improve the quality of living conditions with unrealistic goals. The study also makes some following recommendations for effective development of new-type countryside. Firstly, authorities at levels should fully and seriously understand the concept and elements of sustainable and comprehensive rural development. Secondly, direct participants of rural development (including professional plan makers) must be well-trained about new rural development, methods of advocacy, performance and implementation with local people's participation in order to encourage people to perform actively and consciously the program, make people become the center of the development and the beneficiary of improvement because people are both motivation and objective of the development. In addition, the government and leaders of agriculture and rural development could consider establishing special policies in using agricultural promotion officials to participate in the new rural development to support the community development at present and in the future (Wang *et al.*, 1996).

The article titled "Resource Mobilization" written by Yumi Sera and Susan Beaudry and published by the World Bank (WB) in 2007 mentions specific guidelines for organizations and project performers to mobilize both internal and external resources. The article cited "With increased competition for scarce grant resources, thinking of and creating options for new, diverse and multiple funding streams will help your organization manage its programs." The citation means organizers must diversify their funding sources for their projects and programs. Considerations prior to mobilizing resources in the article include preparing for fundraising, researching the current situation, leadership responsibilities, income generation activities, business ventures, etc. Of which, the most important ones may be to determine proper and adequate funds for projects and programs, namely mapping your community's assets ("Each community has a unique set

of assets upon which to build its future. The first step in a fundraising strategy is to identify and inventory the range of financial and nonfinancial resources of the individuals, community", Yumi Sera and Susan Beaudry said), volunteers as resources ("Volunteers can provide great resources and benefits to your organization", cited in "Resource Mobilization" by Sera and Susan (2007)); identifying foundation support, cultivating individual donors, soliciting business contributions and other sources of donations including professional associations, mediate civil society organizations, religious organizations, local organizations, government agencies, multilateral or bilateral agencies and foreign embassies. The study of "Mobilizing Resources and Support in Foundation Building Sourcebook: a practitioners guide based upon experience from Africa, Asia and Latin America" by A. Scott DuPree and David Winder with Cristina Parnetti, Chandni Prasad and Shari Turitz gives an approach that it is necessary to invest certain resources such as time, assets and skills to obtain expectations in both resource mobilization and establishment of good relationship with donors. Having a variety of funding sources reduces risks and challenges in case of loss of an existing one. The study by Huberman *et al.* (2014) posted on the website of advocates for youth outlined strategies for mobilizing community participation. The writers mean that community mobilization is to improve aspects of the community and build cooperative relationship in order to address pressing issues of the community. Some suggestions of mobilization of local resources are presented in the study of "How to mobilize local resources" by Andreja Tone. The local resources are internal contributions in the community for an activity, project or program. Such resources are financial and non-financial contributions to the community from individuals, local authorities, institutions, companies, etc. Local resources can be raised in a variety of forms such as in-kind intellectual services, spaces and volunteer works.

The study of "Investment mobilization for the National Target Program on New Rural Development: Learning from the Saemul Undong Movement in the Republic of Korea" by researchers Trang (2017) provides a brief of five main approaches to the rural development and summarizes factors influencing on contributions from local people for rural development. Factors mentioned in the study are the role of leaders, policies, State supports, awareness of community policy implementers, understanding of people about new rural development, social community participation and economic conditions of households.

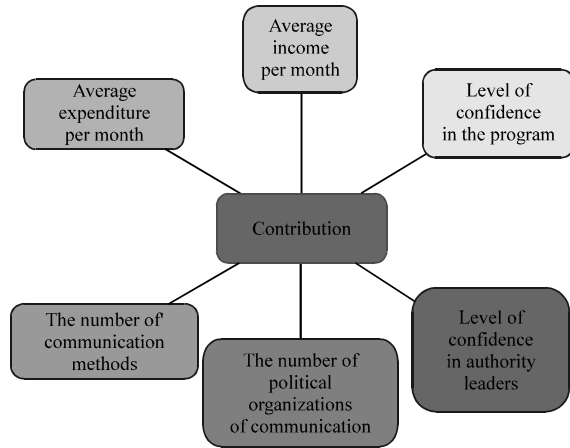


Fig. 1: Research model

Generally, the mobilization of local financial resources has appealed to many researchers, plan makers and policy implementers in Vietnam but there are few truly comprehensive and intensive studies in this subject. Achievements and limitations of local resource mobilization for the new rural development have been studied but challenges and difficulties in the mobilization of local resources, especially of financial ones have not been deeply and thoroughly analyzed. In fact, there are a few studies applying econometric methods to analyze factors in the mobilization of local financial resources for the new rural development. This study has focused on factors in the mobilization of local financial resources of mountainous communes in Thanh Hoa Province, Vietnam. After the analysis of factors, the study shall offer recommendations to enhance the efficiency of the local resource mobilization.

Research model: The purpose of the study is to analyze factors in the mobilization of local financial resources of mountainous communes. The study have stressed on direct factors in the mobilization of local financial resources such as average income per month, average expenditure per month per household, communication methods, political organizations of communication, the level of people’s confidence in the program and in the local authority leaders. The factors have been analyzed according to the following model (Fig. 1).

Research hypothesis including:

- H₁: Average Income per Month per household (AIM): the higher the AIM is the more Total Contributions (TC) the household makes (in the direct proportionality)

- H₂: Average Expenditure per Month per household (AEM): the higher the AEM is the more total contributions the household makes (in the direct proportionality).
- H₃: the more information the local people access to via. Communication Methods (CM), the more total contributions the household makes (in the direct proportionality).
- H₄: the more Political Organizations (PO) participate in communication, the higher people’s awareness of the new rural development is (in the direct proportionality)
- H₅: the level of Confidence in Authority Leaders (CAL) is directly proportional to the total contributions of local people into the program (in the direct proportionality)
- H₆: the level of Confidence in the Program (CP) is directly proportional to the total contributions of local people into the program (in the direct proportionality)

MATERIALS AND METHODS

Qualitative and quantitative research methods are applied in this study. Qualitative research methods are used by specialists and researchers in many similar subjects including officials and leaders managing directly and indirectly the new rural development and local coordinators. The methods are conducted under the writer’s control and participants give their opinions on contents provided by the writer. Contents are about kinds of resources and factors in the resource mobilization for the new rural development in Thanh Hoa Province’s mountainous communes. The draft questionnaire is based on the result from the quantitative methods. The writer has randomly delivered the draft questionnaire to some officials of coordination committee and local people to assess the clarity, rationality and language of the questionnaire. Basing on their answers, the writer has adjusted and completed the final version of the questionnaire.

The official questionnaires have delivered to randomly to local people of mountainous communes in Thanh Hoa Province. Thanh Hoa is the large province with the most communes and communal administrative units in Vietnam. The 573 of 637 communes, wards and towns in Thanh Hoa have carried out the new rural development, of which there are 223 mountainous communes including 41 communes with difficulties and the remaining communes with special difficulties. The writer has mainly focused to collect data from 11 districts with distinctive mountainous features. The 10 communes

in 5 mountainous districts of Muong Lat, Ba Thuoc, Quan Hoa, Ngoc Lac and Thuong Xuan are selected as typical communes of which two communes, Ban Cong Commune and Quang Chieu Commune have completed the new rural development and eight ones have not completed yet. The writer has discussed with the leaders of the communal people's committee to select households to answer the questionnaires in order to obtain the most objective results. The 50 households in each commune are divided into 5 groups of ten households. The performers have delivered the questionnaires and interviewed local people to collect their information and opinions (Nam, 1997; Storm, 1997).

The data collected from questionnaires have been analyzed with SPSS 16. Basing on the results, the writer gives assessments on factors in mobilization of local financial resources for the new rural development and recommendations to enhance the efficiency of the resource mobilization.

RESULTS AND DISCUSSION

From the primary data collected from questionnaires, the writer has summarized all demographic information as follows (Table 1).

The Cronbach's alpha coefficient is applied to check reliability of observed variables of factors in the model to find out the correlation coefficient among variables and correlation coefficient between the total score and variables. Only variables with the strong correlation with the total score are retained and variables with low reliability should be deleted from the scale. Variables with the reliability coefficient at or over 0.6 and the correlation

coefficient between variables and the total score over 0.3 are accepted. The Cronbach's alpha coefficient of variables is as follows (Table 2).

The correlation coefficient between observed variables used to measure adaptability and the total score is >0.3 and the Cronbach's alpha of the adaptability is 0.612, so, the reliability is satisfied. That any observed variable in the adaptability scale is deleted from the scale reduces the reliability of the whole scale, so, no variable is removed (Table 3).

Regression analysis: It is demonstrated in the Table 4 that the value of F calculated from R² of the model with low observation (Sig. = 0) shows that the multiple linear regression model is suitable with collected data and applicable.

The enter method is adopted to analyze the regression of seven factors in the household's total contributions into the new rural development. The coefficient adjusted R² (Adjusted R²) is considered to assess the suitability of the model (Table 4-6).

The adjusted R² resulting from the regression analysis is 0.583 (which means that the change in household's total contributions into the new rural development is 58.3%). The F value in ANOVA is applied to check the suitability of the multiple linear regression model and the model reaches 95% of the reliability (which means that the significance of F value in ANOVA is <0.05).

All 6 factors of average income per month, average expenditure per month per household, communication methods, political organizations of communication, level of people's confidence in the program and in the local authority leaders influence the total contributions into the new rural development in Thanh Hoa province's mountainous communes (Trang, 2017).

The regression equation for standardized variables in the table of partial regression coefficients of the coefficients model is as follows:

$$TC = -636048.879 - 0.106 * AIM + 0.189 * AEM - 8787.683 * PO + 10230.040 * CM + 68011.407 * CAL + 66982.743 * CP$$

Table 1: Demographic information

Demographic information	Quantity	Percentage of Percentage valuable information	
Gender			
Male	200	40.0	40.0
Female	300	60.0	60.0
Age			
Under 20	2	0.4	0.4
From 20-30	138	27.6	27.6
From 30-40	207	41.4	41.4
From 40-50	129	25.8	25.8
Over 50	24	4.8	4.8
Qualifications			
Bachelor's degree	81	16.2	16.2
Associate degree	100	20.0	20.0
Vocational training diploma	67	13.4	13.4
General education diploma	252	50.4	50.4

Table 2: Cronbach's alpha

Cronbach's alpha	No. of items
0.612	7

Table 3: Cronbach alpha coefficient in the total contributions

Items-total statistics	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if item deleted
AIM	5854995.3340	4179480906455.059	0.990	0.148
AEM	6109995.3340	5600840073649.428	0.995	0.125
PO	11574990.5140	18180775105414.836	0.716	0.630
CM	11574992.8080	18180779607974.605	0.617	0.630
CAL	11574991.4200	18180777703749.110	0.686	0.630
CP	11574991.2600	18180778128592.707	0.662	0.630
TC	11185015.3340	17040936618465.701	0.639	0.595

Table 4: Summary of regression analysis

Model summary									
Model	R	R ²	Adjusted R ²	SE of the estimate	Change statistics				
					R ² change	F change	df1	df2	Sig. F change
1	0.764 ^a	0.583	0.575	135541.82595	0.583	68.505	6	489	0.000

(Constant), AIM, AEM, PO, CM, CAL and CP

Table 5: ANOVA^a

Models (1)	Sum of squares	df	Mean square	F-value	Sig.
Regression	12585393961802.346	6	1258539396180.235	68.505	0.000 ^b
Residual	8983705838197.650	489	18371586581.181		
Total	21569099799999.996	499			

^aDependent variable: TC; Predictors: (Constant), AIM, AEM, PO, CM, CAL and CP

Table 6: Coefficients^a

Models (1)	Unstandardized coefficients		Standardized coefficients			Correlations		
	B	SE	•	t-values	Sig.	Zero-order	Partial	Part
(Constant)	-636048.879	106337.762		-5.981	0.000			
AIM	-0.106	0.030	-1.138	-3.557	0.000	0.628	-0.159	-0.1040
AEM	0.189	0.039	1.734	4.901	0.000	0.650	0.216	0.0143
PO	-8787.683	8150.908	-0.053	-1.078	0.282	0.571	-0.049	-0.0310
CM	10230.040	14042.697	0.030	0.728	0.467	0.513	0.033	0.0210
CAL	68011.407	11653.187	0.285	5.836	0.000	0.671	0.255	0.1700
CP	66982.743	11476.937	0.267	5.836	0.000	0.656	0.255	0.1700

^aDependent variable: TC

of which $\beta_2 = -0.106$ with Sig. = 0.000<0.05: the coefficient $\beta_2 = -0.106$ demonstrates the influence of the average income per month per household on the total contributions into the new rural development. However, the coefficient $\beta_2 = -0.106$ (with the statistical significance) illustrates the inverse proportionality which means the higher average income per month does not lead to the more total contributions. This result has been in contrast to the writer's initial hypothesis of the direct proportionality between the average income per month and total contributions. Generally, the influence of this factor in comparison with other factors on the dependent variable of total contributions is insignificant.

$\beta_3 = 0.189$ with Sig. = 0.000<0.05: the coefficient $\beta_3 = 0.189$ demonstrates the direct proportionality between the independent variable of average expenditure per month and the dependent variable of total contributions into the new rural development. The coefficient $\beta_3 = 0.189$ (with Sig. = 0.000<0.05, the statistical significance) illustrates that the higher the household's average expenditure per month is the more total contributions such household make. Overall, the influence of this factor with the coefficient $\beta_3 = 0.189$ in comparison with other factors on the dependent variable of total contributions is insignificant.

$\beta_4 = -8787.638$ with Sig. = 0.282>0.05: the coefficient $\beta_4 = -8787.638$ shows that the independent variable of the number of political organizations of communication has a

great influence with inverse proportionality on the dependent variable of total contributions into the new rural development whereas Sig. = 0.282>0.05 illustrates that this variable has no statistical significance. It can be understood that the increase in political organizations for communication may not enhance the local people's awareness of their responsibility for contributing into the new rural development.

$\beta_5 = 10230.040$ with Sig. = 0.467>0.05: the coefficient $\beta_5 = 10230.040$ shows that the independent variable of the number of communication methods has a great influence with direct proportionality on the dependent variable of total contributions into the new rural development whereas Sig. = 0.467 illustrates that this variable has no statistical significance. In other words, the increase in communication methods may not enhance the local people's awareness of their responsibility for contributing into the new rural development.

$\beta_6 = 68011.407$ with Sig. = 0.000<0.05: the coefficient $\beta_6 = 68011.407$ demonstrates the independent variable of the level of confidence in authority leaders performing management and communication about the new rural development affects positively total contributions of local people. This coefficient has statistical significance with Sig. = 0.000<0.05. It can be seen that the enhancement of confidence in authority leaders by specific and useful activities has a great influence on improving the local people's awareness of their responsibility for contributing

into the new rural development. With the confidence, the people are willing to perform under policies of the authority.

• $r = 66982.743$ with $\text{Sig.} = 0.000 < 0.05$: this statistics illustrates that the independent variable affects the dependent variable in the direct proportionality with statistical significance ($\text{Sig.} = 0.000 < 0.05$). It can be seen that the people are willing to make financial contributions with the confidence in the new rural development program.

CONCLUSION

It is concluded after the analysis of the fluency of factors and correlation between independent variables with the dependent variable that the levels of confidence in authority leaders and purposes of the program have the most influence on the total contributions into the new rural development. The average income and expenditure per month has an insignificant influence. On the other hand, the numbers of political organizations and communication methods have little influence on the total contributions which is in contrast with the initial hypothesis.

To sum up, the measures for efficient mobilization of local financial resources for the new rural development in mountainous communes, Thanh Hoa Provinces are to build up and strengthen the confidence in the program and local authority leaders. Supplementary measures can be taken when the local people totally confide in the program and authority leaders to ensure the synchronization.

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