



## The Influence of Accounting Management Capabilities on the Success of Small and Medium Enterprises (SMEs) in Northeastern Thailand

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### Abstract

This study aimed to 1) analyze the relationship between accounting management capabilities and the success of Small and Medium Enterprises (SMEs) in Northeastern Thailand; 2) examine the influence of accounting management capabilities on the success of SMEs in Northeastern Thailand; and 3) investigate the causal relationships of factors influencing the success of Small and Medium Enterprises (SMEs) in Northeastern Thailand. Data were collected from 400 accountants of Small and Medium Enterprises (SMEs) in the region. A questionnaire was used as the research instrument, and the data were analyzed using multiple correlation analysis and multiple regression analysis. The results revealed that, 1) Accounting management capabilities were significantly related to the success of small and medium enterprises (SMEs) in Northeastern Thailand. 2) Accounting management capabilities, including bookkeeping, account closing, financial communication and reporting, and the utilization of accounting information, had a positive influence on the success of SMEs in the region and 3) The success of Small and Medium Enterprises (SMEs) in Northeastern Thailand was most positively influenced by the utilization of accounting information, with the highest positive effect coefficient observed.

**Keywords:** Accounting Management; Small and medium enterprises (SMEs); Business Success

### Introduction

Small and Medium Enterprises (SMEs) play a significant role in Thailand's economy, both economically and socially, covering sectors such as agriculture, manufacturing, trade, and services. According to data from the Office of Small and Medium Enterprise Promotion (OSMEP) in 2018, the number of Small and Medium Enterprises (SMEs) reached 3,070,177, contributing 7,013,971 million Baht to the Gross Domestic Product (GDP), representing 43.0% of the national GDP (Office of Small and Medium Enterprise Promotion (OSMEP), 2019). The structure of Thailand's GDP and the role of Small and Medium Enterprises (SMEs) in the last decade show



that although industrial sectors have gradually diminished due to shifts in production and investment, as well as global economic volatility, the trade and services sectors have seen significant growth. Small and Medium Enterprises (SMEs) in these sectors have made a remarkable impact on GDP, the number of enterprises, and employment, contributing substantially to the continued growth of Thailand's economy (Office of Small and Medium Enterprise Promotion (OSMEP), 2019).

Factors supporting the continuous growth of Small and Medium Enterprises (SMEs) over the past five years include the expansion of the trade and service sectors, increased household and private sector consumption, the rise of e-commerce, and ongoing growth in tourism, alongside government policies and measures (Office of Small and Medium Enterprise Promotion (OSMEP), 2019). As a result, Small and Medium Enterprises (SMEs) should be promoted and developed to increase their effectiveness, strengthening the country's economic system. In the case of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand, surveys indicate that the majority of Small and Medium Enterprises (SMEs) are involved in trade and services, representing 62% of the businesses. However, compared to other regions, the growth rate of Small and Medium Enterprises (SMEs) in the Northeast is below the national average (Office of Small and Medium Enterprise Promotion (OSMEP), 2018). Moreover, OSMEP reports that a major weakness of Small and Medium Enterprises (SMEs) in the Northeast is the lack of knowledge and understanding of accounting practices, particularly in recording income and expenses, which limits their ability to carry out financial transactions or secure loans from banks (Office of Small and Medium Enterprise Promotion (OSMEP), 2018). Accounting management is crucial for businesses. Business owners or entrepreneurs should possess basic accounting knowledge as accounting information helps assess a company's financial status, including investment returns, capital sufficiency, and the need for additional funds. This information is also essential when applying for loans from financial institutions. In the current competitive environment, businesses face intense competition due to globalization in the 4.0 era, along with government policies aimed at fostering competitive organizations. These factors require businesses to enhance their capabilities in production, management, and "accounting management ability," a key factor in evaluating business performance and profitability. Particularly for Small and Medium Enterprises (SMEs), accounting management plays a vital role in boosting the country's economic progress. The government has promoted efforts to improve Small and Medium Enterprises (SMEs) competitive potential at the regional level, yet for businesses to succeed and gain a competitive edge, accounting information is crucial for explaining operational outcomes. Reliable accounting systems collect valuable business data, such as revenue, expenses, production costs, sales, and inventory, which are necessary for effective decision-making.



When accounting personnel possess the ability to manage and understand accounting principles, accounts, cycles, and financial reporting, this results in accurate, reliable, and useful financial data that informs economic decisions, supporting business success. The efficiency of accounting preparation is a key indicator of quality, ensuring the timely and accurate presentation of financial information. Experience in accounting is another important element, reflecting the ability to apply accounting knowledge, including the quality of financial reporting (International Accounting Standards Board, 2015). However, a major limitation for Small and Medium Enterprises (SMEs) is the lack of standardized financial statements, preventing them from accurately reflecting business performance, as noted by Carneiro, A. (2007). The Council set out frameworks for financial reporting to ensure that financial reports provide useful information for investors, lenders, and other stakeholders to make informed decisions regarding the allocation of resources. If Small and Medium Enterprises (SMEs) improve their financial reporting capabilities and develop their staff's knowledge in producing reliable and effective financial statements, this will enhance their success and enable them to meet their future goals (Zhang, 2008).

### Objectives

1. To analyze the relationship between accounting management capabilities and the success of small and Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand.
2. To analyze the influence of accounting management factors on the success of small and Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand.

### Research Hypothesis

The four aspects of accounting management competency are correlated with and influence business success.

### Research Framework

From the literature review, the research framework outlined above was developed. It demonstrates that accounting management competency is a technique that contributes to business success. The success of business operations is measured by the Balanced Scorecard concept of Kaplan and Norton (1996), which reflects both financial and non-financial perspectives as shown in Figure 1.

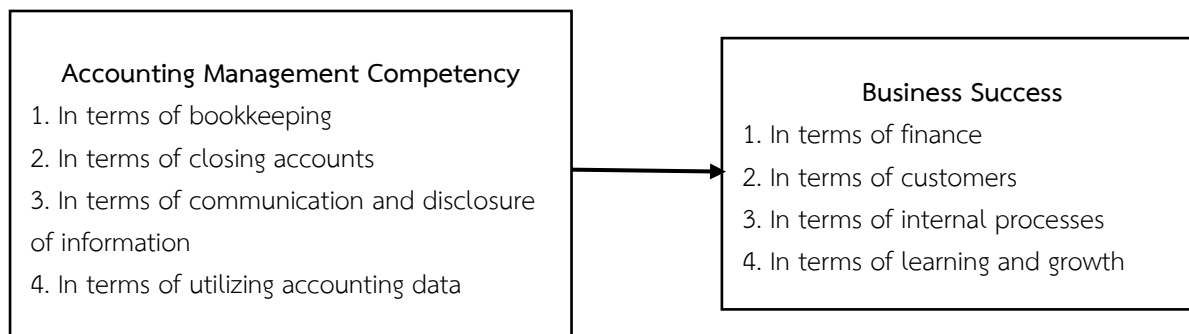


Figure 1: Research Framework

## Research Methodology

**1. Research Design:** This research is designed as a quantitative study with a survey approach, focusing on descriptive research. The research team synthesized relevant concepts from scholars, specifically accounting management capabilities, as a technique that leads to business success. The success of business operations is measured using Kaplan and Norton's (1996) Balanced Scorecard concept, which reflects both financial and non-financial perspectives. The theoretical framework analysis is intended to achieve the research objectives.

**2. Population and Sample:** The population for this study includes Small and Medium Enterprises (SMEs) that are customers of the Small and Medium Enterprise Development Bank of Thailand in the Northeastern region. The population covers 19 provinces, including Nong Khai, Nakhon Phanom, Sakon Nakhon, Udon Thani, Nong Bua Lamphu, Loei, Mukdahan, Kalasin, Khon Kaen, Amnat Charoen, Yasothorn, Roi Et, Maha Sarakham, Chaiyaphum, Nakhon Ratchasima, Buriram, Surin, Si Sa Ket, and Ubon Ratchathani, totaling 35,953 businesses (Office of Small and Medium Enterprises Promotion, 2021). The sample size was determined using the Taro Yamane (1973) formula at a 95% confidence level with a 5% margin of error, resulting in a sample size of 400 businesses. These businesses were suitable for data collection due to their stable establishments and accessibility for research purposes.

**3. Research Instruments:** The research used a questionnaire as the primary data collection tool. The questionnaire consists of two parts: Part 1 assesses opinions on the level of accounting management capabilities of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand, and Part 2 evaluates opinions on the success of these Small and Medium Enterprises (SMEs). Both parts of the questionnaire are Likert-scale items, with five levels ranging from 5 (strongly agree) to 1 (strongly disagree). The scale is based on the principle of class intervals, where an average score of 4.51–5.00 indicates the highest level of agreement, and a score of 1.00–1.49 indicates the lowest. The Cronbach's alpha coefficient

was above 0.70, with a result of 0.943, confirming the reliability and validity of the instrument (Kajornatthapool et al., 2024).

**4. Data Collection and Analysis:** The research team collected data using the questionnaire from the pre-determined sample size and analyzed the data statistically. The results were used to summarize and discuss the findings in alignment with the research objectives.

**5. Statistical Methods Used in the Research:** The research team selected appropriate statistical methods to align with the data and fulfill the research objectives. For hypothesis testing, the analysis employed multiple correlation and multiple regression analysis to examine the relationships and influences of factors on the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand. The analysis is expressed in the following equation:

$$TTCC = \beta_0 + \beta_1 (TRA) + \beta_2 (TCA) + \beta_3 (TCA) + \beta_4 (TIS) + \epsilon \quad (1)$$

$$TTCC = \beta_0 + \beta_1 (TADC) + \epsilon \quad (2)$$

TTCC represents the success of Small and Medium Enterprises (SMEs) operations in the Northeastern region of Thailand.

TADC represents accounting management capabilities, consisting of the following sub-variables:

TRA represents accounting recording.

TCA represents closing accounts.

TCM represents communication and financial reporting.

TIS represents the use of accounting data.

$\epsilon$  represents the error term.

$\beta$  represents the regression coefficient.

## Research Results

The analysis of the variables used in this study includes the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC), accounting recording (TRA), account closing (TCA), financial communication and reporting (TCM), and the use of accounting information (TIS). These factors are related, which may cause multicollinearity issues. Therefore, the research team conducted a test using the Variance Inflation Factor (VIF). The VIF values for all four variables were found to range from 4.839 to 6.584, which are below 10, indicating that the independent variables are not correlated to the degree that would cause multicollinearity problems. Furthermore, the variable of the use of accounting information (TIN) has the highest correlation with the success of Small and Medium Enterprises

(SMEs) in the Northeastern region of Thailand (Succeed), with a value of 0.981, as shown in Table 1.

**Table 1:** Correlation Analysis of the Success of Small and Medium Enterprises (SMEs) in the Northeastern Region of Thailand

Valuable	TTCC	TRA	TCA	TCM	TIS	VIF
TTCC	1.000	0.852	0.879	0.895	0.981	
TRA	0.000**	1.000	0.864	0.827	0.852	4.835
TCA	0.000**	0.000**	1.000	0.814	0.863	6.584
TCM	0.000**	0.000**	0.000**	1.000	0.841	6.267
TIS	0.000**	0.000**	0.000*	0.000**	1.000	4.839

\*Correlation is significant at the 0.05 \*\* Correlation is significant at the 0.01

The ability to manage accounting (TADC) consists of variables such as accounting recording (TRA), account closing (TCA), financial communication and reporting (TCM), and the use of accounting information (TIS). These factors are positively related to and have an influence on the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC), as shown in Table 2.

**Table 2:** Multiple Regression Analysis of the Success of Small and Small and Medium Enterprises (SMEs) in the Northeastern Region of Thailand.

Variables	TTCC			
	B	Standard Error	t	p-value
Constant	0.693	0.062	12.02	0.000
Accounting Recording (TRA)	0.157	0.041	4.934	0.000**
Closing Accounts (TCA)	0.093	0.036	2.981	0.002**
Communication and Financial Reporting (TCM)	0.482	0.038	2.341	0.001**
Utilization of Accounting Data (TIS)	0.159	0.035	15.899	0.000**
F = 821.815	p = 0.000		Adj R <sup>2</sup> = 0.843	

\*Correlation is significant at the 0.05 \*\* Correlation is significant at the 0.01

The results of the analysis of accounting management efficiency highlight that accountants must be aware of their work related to accounting records and the closing of accounts. These are fundamental aspects of preparing financial reports that are valuable to financial statement users for making various decisions, including strategic planning or

approaches to drive business performance and regional competitive potential. Therefore, accountants are essential resources for the growth of small and Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand. This relationship is statistically significant at the 0.01 level, thus confirming Hypothesis 1. The predictive equation can be written as follows:

$$TTCC = 0.693 + 0.157 (TRA) + 0.093 (TCA) + 0.482 (TCM) + 0.159 (TIS) + \epsilon$$

The predictive equation can be interpreted as follows: If accountants have the ability to manage accounting systems effectively, including maintaining complete and accurate records in compliance with generally accepted accounting principles (GAAP), categorizing and comparing the sources of numerical data, and efficiently closing accounts (TCA), they will be able to communicate relevant financial information that benefits financial statement users. This will contribute to the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC) and enhance their competitive advantage. The coefficient of determination ( $Adj R^2$ ) for the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC) is 84.30%, indicating that the regression equation can predict the variable with a very high level of accuracy. Moreover, accounting management ability (TADC) is positively related to and significantly influences the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC) at the 0.01 significance level. Therefore, Hypothesis 1 is accepted, as shown in the predictive equation in Table 3.

$$TTCC = 0.902 + 0.843 (TADC) + \epsilon$$

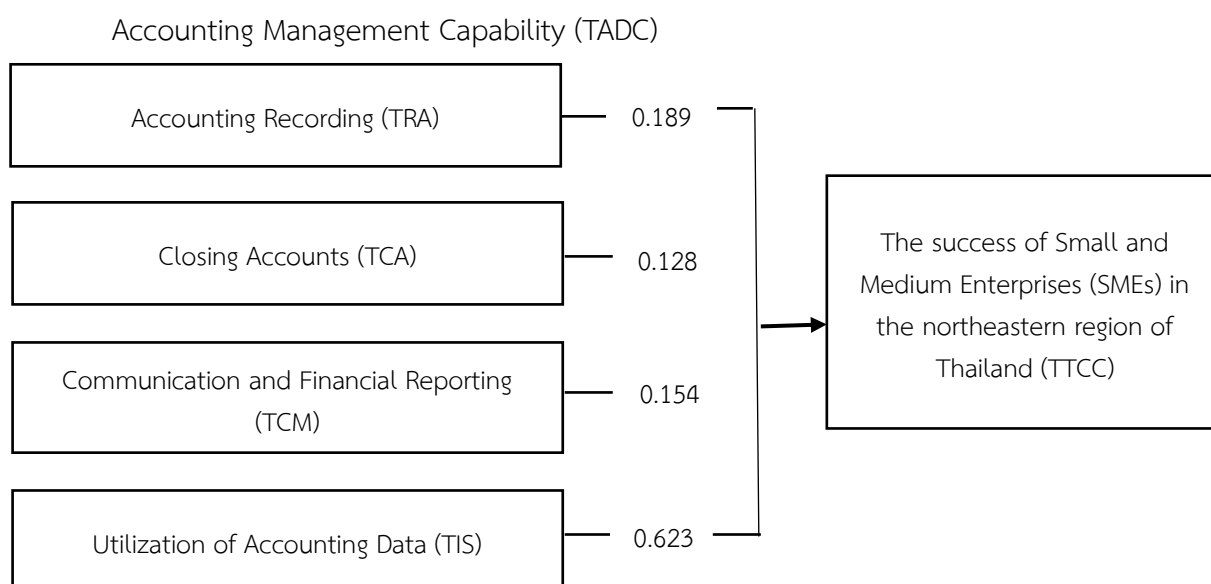
From the predictive equation, it can be interpreted that accounting human resources serve as human capital, driving the organization toward success in operating Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand. Accountants with high competencies in various areas help the organization determine the direction for planning business operations, including cost management, investment budgeting, and decisions related to fundraising and expanding the business for future growth. The analysis results show the coefficient of determination ( $Adj R^2$ ) for business success (TTCC) at 82.40%, indicating that the regression equation can predict the variable at a very high level. When considering the size of the causal relationship path's influence on the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC), the coefficient of influence size is classified by variable. The causal path analysis revealed that the highest overall influence on business success came from the utilization of accounting data (TIS), with a coefficient of influence of 0.623 ( $p < 0.001$ ). The next most influential factor was accounting recording (TRA), with a coefficient of influence of 0.189 ( $p < 0.001$ ), as shown in Figure 3.



**Table 3:** Multiple Regression Analysis of the Success of Small and Small and Medium Enterprises (SMEs) in the Northeastern Region of Thailand.

Variables	TTCC			
	B	Standard Error	t	p-value
Constant	0.902	0.059	14.08	0.000
Accounting Management Capability (TADC)	0.843	0.020	52.96	0.000**
F = 2789.28	p = 0.000		Adj R <sup>2</sup> = 0.824	

\*Correlation is significant at the 0.05 \*\* Correlation is significant at the 0.01



**Figure 2:** Path Analysis

## Conclusion and Discussion

The research on the influence of accounting management capabilities on the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand presents two key discussion points:

1. The study indicates that accounting management capabilities (TADC), which include accounting recording (TRA), closing accounts (TCA), communication and financial reporting (TCM), and the use of accounting data (TIS), have a positive relationship and influence on the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC). This aligns with the principle that accounting professional skills are crucial for effectively applying professional knowledge in a rapidly changing environment (Hancock et al., 2009).





Accountants with basic accounting management skills, such as recording and closing accounts, communicating performance, and using data for strategic decision-making, can significantly add value to the organization. High-quality accounting management helps organizations generate accurate and reliable financial data, which builds trust among stakeholders, both inside and outside the organization (King & Fullerton, 2010). This factor directly impacts business success, as operations based on accurate and timely accounting information enable managers to plan and make precise strategic decisions. Furthermore, presenting clear and efficient accounting information helps build confidence among investors and other stakeholders, facilitating business expansion opportunities (Wingate, 2008). In terms of application, this study affirms the importance of developing accountants' skills, especially in Small and Medium Enterprises (SMEs) with resource limitations. Accountants who can act as managers not only enhance operational efficiency but also increase the chances of achieving business goals (Boyce et al., 2001). In today's business context, the ability to adapt to rapidly changing environments is a key factor for survival and success. As custodians of financial information, accountants play a critical role in aligning organizational strategies with long-term goals, especially in resource-dependent businesses (Carnegie & Napier, 2010). Therefore, developing accounting management capabilities that include both technical skills and data analysis can create opportunities for market competition and enhance business management potential, particularly for Small and Medium Enterprises (SMEs) facing intense competition.

2. The study also shows that factors influencing the success of Small and Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC) are directly related to accounting management capabilities (TACD), especially in the use of accounting data (TIS), which has the highest overall influence, followed by accounting recording (TRD). This analysis is statistically significant at the 0.001 level, reflecting the importance of managing accounting data to enhance decision-making capabilities and operational efficiency. Utilizing accounting data (TIS) and the ability to analyze and plan strategically with accounting information is central to business management. Data analysis enables managers to identify business opportunities, plan finances, and manage resources effectively. These findings are consistent with Kaplan and Norton (1996), who stated that using financial and other data for strategic decision-making can enhance competitive advantage and help organizations achieve long-term goals. The use of accounting data (TIS) also plays an essential role in supporting transparency and the credibility of accounting information, which is critical for gaining trust from stakeholders such as investors and partners (Wingate, 2008). Presenting accurate and appropriate data allows businesses to quickly respond to market demands. Regarding accounting recording (TRD), it serves as the foundation for effective accounting management. While the use of accounting data (TIS) has the highest influence on the success of Small and



Medium Enterprises (SMEs) in the Northeastern region of Thailand (TTCC), accounting recording (TRD) plays a crucial role in creating a reliable and comprehensive data set, which is essential for strategic decision-making. Accurate and timely accounting records not only help reduce financial risks but also ensure compliance with legal and accounting standards (Hancock et al., 2009). The research highlights the connection between the use of accounting data (TIS) and accounting recording (TRD). Accounting recording (TRD) is fundamental for developing the use of accounting data (TIS). Accurate recording enables effective analysis and decision-making. Moreover, the accuracy and completeness of recorded data further strengthen the credibility of the entire accounting system. The analysis confirms that accounting management capabilities, particularly the use of accounting data (TIS) and accounting recording (TRD), play a crucial role in SME success. Investing in accounting resources, such as skilled personnel and advanced technology, will strengthen competitive capabilities and increase business growth opportunities.

## Recommendations

### 1. Practical Recommendations

The research results demonstrate the influence of accounting management capabilities on the success of (Small and Medium Enterprises (SMEs) and they can be applied in various ways, as follows:

1.1 Developing Accounting Training Programs for Entrepreneurs, Government and private sector organizations supporting Small and Medium Enterprises (SMEs) should develop training programs focusing on enhancing skills in utilizing accounting data (TIS) and accounting recording (TRD). The curriculum should include topics on data analysis for decision-making, the use of accounting software, and effective financial reporting.

1.2 Promoting the Use of Technology in Accounting Management, investing in technology systems that assist with accounting records and data analysis, such as accounting software and Enterprise Resource Planning (ERP) systems, will help improve management efficiency and reduce errors.

1.3 Establishing Accounting and Financial Support Policies from Relevant Agencies, Agencies such as the Office of Small and Medium Enterprises Promotion (OSMEP) should establish policies or programs to support Small and Medium Enterprises (SMEs), including offering accounting consulting services, providing budget support for accounting system development, and creating networks of accountants who can advise entrepreneurs.

1.4 Encouraging the Development of Accountants as Managers, Entrepreneurs should encourage accountants in their organizations to participate in strategic planning and



business decision-making, so that accountants become key supporters of the organization's success.

## 2. Recommendations for Future Research

### 2.1 Expanding the Study to Other Regions

Future research should explore the factors that influence the success of Small and Medium Enterprises (SMEs) in various regions of Thailand, including the northern, central, and southern areas. By conducting comparative studies across these regions, researchers can identify regional differences in the findings and gain a broader understanding of the factors that contribute to the success of SMEs.

### 2.2 In-Depth Study on the Role of Technology in Accounting Management

Future studies should focus on examining the impact of advanced technologies, such as artificial intelligence (AI) systems and big data analytics, on the accounting practices and overall success of SMEs. Understanding how these technologies influence decision-making, efficiency, and financial management can provide valuable insights into the role of technology in enhancing SME performance.

### 2.3 Exploring Additional Factors Influencing SME Success Beyond Accounting Management

It is essential to investigate additional factors that may affect the success of SMEs, beyond accounting management. Future research should consider examining marketing capabilities, human resource management practices, innovation, and other key business functions to determine their impact on the overall success of SMEs.

### 2.4 Analyzing Economic and Social Impacts

Further research should focus on investigating the broader economic and social implications of enhancing SMEs' accounting capabilities. For example, studies could examine how improved accounting practices in SMEs contribute to job creation, increased income generation, and overall community development. Such studies will help in understanding the wider societal benefits of strengthening SME operations.

### 2.5 Using a Mixed Methods Approach

A combination of quantitative and qualitative research methods would provide a more comprehensive analysis of SME success. By integrating numerical data with in-depth interviews from successful entrepreneurs who have effectively utilized accounting data, future studies can offer valuable insights into the practical applications and challenges SMEs face in leveraging accounting for business growth. By building on these recommendations, future research can help develop a more nuanced understanding of the factors that influence customer satisfaction in the hospitality industry and provide actionable insights for hotel managers.



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