

## The development of the relationship model of causal factors affecting the financial report quality and financial success of small and medium sized hotel business in Thailand

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**Abstract:** This research is a mixed research with the objective of develop a causal factor correlation model. And examining the consistency of the relationship model, causal factors affecting the quality of financial reports and financial success of small and medium-sized hotel businesses in Thailand. Developed according to theory and empirical data. The sample group was accounting and finance executives of small and medium-sized hotel businesses in Thailand. The research tool was a questionnaire. Statistics used in the analysis of structural equation Model data and in-depth interview. The research results for the quality of financial reports had a direct correlation with professional accounting skills, coefficient of 0.27, ethics in accounting profession, coefficient at 0.50 and management of accounting department. The coefficient of 0.32 for financial success had a direct correlation with the quality of financial reports 0.40, management of accounting department 0.51 and was indirectly related to professional accounting skills, coefficient of 0.11, ethics in accounting profession, coefficient of 0.20 by Pass the quality of financial reports and it has been confirmed that the model has become possible between a developed small and medium hotel business.

**Keywords:** Financial Reporting Quality, Financial Success, Small and Medium Hotels

### 1. Introduction

In today's highly competitive environment, measuring the success of an organization will help direct operations in the same direction to achieve the organization's goals. Performance measurement data will reflect the success or failure of both financial and non-financial information (Nopadon Rompho, and Monwika Phadungsit, 2014). A tool for measuring success in order to gain a competitive advantage against competitors and to keep changing (Hasan Darvisha et al., 2013), so a good measure of organizational success must be acceptable to stakeholders. The information must be clear, accurate, reliable, timely and able to be used in planning and management within the organization to be effective and suitable for the organization's objectives. Some tools may be appropriate for one business, but not another (Hatten, 1997). Measuring the success of an organization is therefore important for management to use information in planning decisions (Slizyte & Bakanauskiene, 2007) Most successful organizations measure their financial success by comparing their performance against the target value. Financial data can indicate the progress of the organization's plans. It is also a tool to identify weaknesses and strengths in operations (Bateman & Snell, 2009).

The tourism industry plays an important role in the development of the economy. It is the driving force that plays a role in the economy, creating jobs. Create a career and investment in related businesses such as transport business, accommodation business, food business, tourism business, etc. The Ministry of Tourism & Sports has accelerated and promoted the development of the tourism industry to pass the quality standards of products and services continuously. It earned 60% of its revenues from the hotel business, with a 35.66% increase in registration and a 9.94% increase in revenue in proportion of tourists compared to the same period of the previous year. The hotel business is a business that is directly related to the tourism industry that must support and attract more and more tourists. The expansion of the hotel business came from the small and medium-sized hotel business with an expansion of investment. Due to the quality of foreign tourists from the European zone to the Asian zone. And changing the age group from the middle age group to the younger one, making such tourist behavior less popular to stay in luxury hotels. And there is a reduction in both occupancy costs and more savings on shopping by choosing to stay in more small and mid-sized hotels. (Ministry of Tourism and Sports, 2018) In addition, the government has promoted the tourism industry to bring all expenses to be deducted from taxes by 100%, such as seminar expenses, room costs or expenses related to the hotel business. From the report on the situation of major problems and obstacles in the hotel business operation in Thailand. It was found that management aims to develop a standard of products and services that're comparable to the international level because small and medium-sized hotel businesses have better profitability. It also requires a lower investment per room, enabling better business management flexibility than large hotel businesses due to its smaller management structure and able to easily adapt strategies to keep up with competition and consumer demand. More than a large hotel business, and places emphasis on enhancing and developing competitive strategies for trade and services by emphasizing the use of technology and management by promoting the development of personnel to have more specialized knowledge and abilities in order to make the organization more efficient. Results of operations according goals (Ministry of Tourism & Sports, 2018)

Therefore, the researcher has studied the development of causal models of correlation to the quality of financial reports to success of small and medium-sized hotel businesses in Thailand from Accounting and Finance Department, which is the division. One task that provides information about the performance of the organization, all the information management needs to use in planning decisions about managing the organization to achieve a set goal and to create a competitive advantage. In the development of raising the standard of small and medium hotel businesses to be equal and recognized internationally.

## 2. Research Objectives

The objectives of this research article were 1. To develop a causal model of the factors affecting the quality of financial reports and financial success of small and medium-sized hotel businesses in Thailand. 2. To examine the consistency of the relationship model, causal factors affecting the quality of financial reports and financial success of small and medium-sized hotel businesses in Thailand developed in line with the theoretical concepts and empirical data.

## 3. Research Methods

### 3.1 Research Design

This research studies the linear structure, development of causal factor correlation models on financial reporting quality and success of the small and medium-sized hotel businesses in Thailand. Area scope for quantitative research is the hotel business in 12 must-see cities registered with the Ministry of Tourism of Thailand (Tourism Authority of Thailand, 2018) has a total of 347 hotels divided into 5 regions, namely the northern region is Lampang Province, Phetchabun Province. And Nan province, total 49 locations. Northeastern region has 2 provinces, namely Buriram Province and Loei Province totaling 24 locations. Central region has 2 provinces, namely Samut Songkhram Province. And Ratchaburi Province, total 54 locations, the Eastern region has 2 provinces, which are Trat Province and Chanthaburi Province, totaling 128 places, and the Southern region has 3 provinces, namely Trang Province, Chumphon Province and Nakhon Si Thammarat Province totaling 92 places, divided into 144 small hotels and 203 midsize hotels.

The researcher selected small and medium hotel business samples according to the list registered with the Bureau of Investigation and Legal Affairs. Because it is the agency that oversees the registration of the establishment of the hotel business and unconditionally discloses the listing of the hotel business, and the researcher chooses to use the small and medium-sized hotel business classification based on the number of rooms of the association. Only a Thai hotel, a limited liability company, for qualitative research. Is an executive in tourism and hotel management Accounting and finance with at least 5 years of work experience, 8 persons.

### 3.2. Research Process

Research tools, the researcher used questionnaires. And interview form The review of literature under the concept, theory, documents and related research is divided into 5 parts: accounting professional skills. Professional ethics in accounting Accounting management Financial report quality And financial success Content Validity was examined by 5 experts with an index value of 0.74–0.94. Researchers used to try out with a group of 30 samples. The reliability of Cronbach's Alpha Coefficient 0.84, which is the acceptable value according to the criteria.

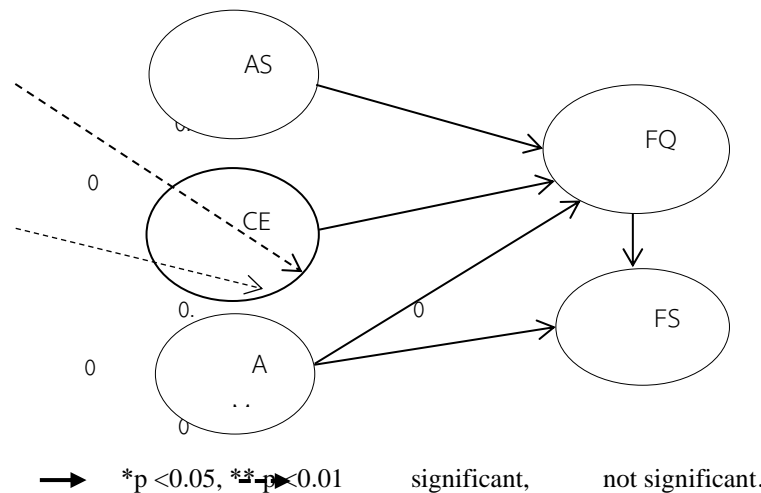
To collect quantitative data the researcher used questionnaires sent by post E-mail and self - repository. A total of 347 sets received 294 responses, divided into 54 sets of central region, 19 sets of northeast region, 44 sets of northern region. For the qualitative research, the researchers used the semi structure interview. from the management of tourism and hotel business. Accounting and finance to verify the feasibility of the correlation models causal factors affecting the quality of financial reports. And financial success of small and medium hotel businesses in Thailand.

## 4. Results

Results of the study can be presented. The testing of research hypotheses, the development of correlation models of factors affecting the financial reporting quality and financial success of small & medium-sized hotel businesses in Thailand, found that professional Accounting Skills (AS), professional Ethics in accounting. (CE) And Accounting Management (AM) have a direct correlation to Financial reporting Quality (FQ), Professional Accounting Skills (AS) .Professional Accounting( CE) has an indirect relationship to financial success.(FS) for Management Accounting (AM) has a direct correlation to financial success (FS) factors affecting the financial reporting quality and financial success of small and medium-sized hotel businesses in Thailand.

Direct correlation with descending coefficient the directly correlated with the quality of financial reports was the Ethics of Professional Accounting (CE) factor the coefficient of 0.50 with statistically significant level 0.05.

The management factor of Accounting (AM), the coefficient of 0.32 and the professional skills in accounting (AS), the coefficient at 0.27, has a statistically significant level 0.01 for a direct correlation to financial a success: Management factor, accounting department (AM) coefficient 0.51 and financial report quality factor (FQ) coefficient of 0.40, had a statistically significant level of 0.01. in Fig.1.



**Fig.1** The model summarizes the results of the research hypothesis.

Professional accounting skills affecting the quality of financial reporting and the success of the Thai hotel business found that the quality of financial reports that are reliable, the information must be accurate, complete, and can be used in planning decision making, emphasizing the skills of financial reporting. Fix problems immediately Has intelligence to solve problems in urgent cases that need to be decided. Have knowledge and understanding of the job Connect the information that happens and to be used in planning decisions. That affects the organization and have a positive attitude towards the work. Including transferring, exchanging learning information to others, understanding the information in the report that affects the organization. Summarizing the information from the interview, the additional issues found from the quantitative research were problem solving skills. Intelligence Job management skills have ability to motivate delegate tasks for employees or subordinates to accomplish their tasks according to objectives and link performance with performance. Professional accounting ethics affecting the quality of financial reporting and financial success of the hotel business in Thailand, it was found that professional ethics are a measure of the quality of work performance to be in a good criterion, especially for keeping corporate confidentiality because it is Strategies to differentiate yourself in business and indicate loyalty in the workplace. Since it is a department that knows information about the real numbers, it must work with accuracy, transparency and not misrepresentation for personal gain. Can prove the origin of the numbers The accounting department must be flexible, patient and responsible for the quality of work and the organization to achieve the goals.

The summary of information from the interview, which was found further from the quantitative research, is the Code of Integrity. The sacrifice in work And the operation does not cause damage The management of accounting department that affects the quality of financial reports and the financial success of the hotel business in Thailand found that the organization's success is due to the knowledge and ability to manage the work to meet the specified goals. hold The good management must have a human management system and work management. There must be a management strategy, daring to think differently from the previous model, emphasizing on bringing the performance back to see the impact in order to learn and develop, making the organization successful and efficient. Summarizing the interview data, the additional issues found from the quantitative research were the feedback management of the organization's performance to employees. Should focus on the management of work. Rotate work or learn various fields In other departments to understand, to understand the problems and obstacles in the work of other departments to acquire knowledge skills. A positive attitude towards co-workers: Motivating management to create results using rewards as work inspiration. Management with a focus on change, fostering a positive atmosphere in solving problems, with Kalayanamit encouraging people in the organization to feel valued and be a part of the organization's success. Organizing the work structure by arranging people to suit the job to reduce problems in the work and make the job most efficient.

Management is flexible but up standard. Differentiation strategies to generate new knowledge or methods by switching duties to learn, work, link with documents or evidence in reporting results, the quality of financial reports that affect the financial success of the Thai hotel business was found. Accountants are often expected by organizations to report financial performance, where the reported information must be reliable.

It is impartial and free from errors that will not affect how information is used in planning decisions. The information reported must be accurate, complete, and able to compare and assess past and future events with clear evidence of the audit. The results of the quantitative research were A careful review of the documents and information to be reported should be reviewed, which leads to the inaccuracies of the financial success of the hotel business in Thailand. The defined goal is the profit generated by the revenue that is a clear measure of operations, but the consideration of income should be revenue after fixed costs. The key variables are the costs incurred must be the lowest, either monetary or non monetary costs such as resource sharing costs. Reduced working time Comparison of the work process with the target value achieved or not, the cost of the investment that will be recovered against the outcome. Summarizing the interviews, further findings from the quantitative research were indicators of cost success, resource sharing, and reduced time costs were taken into account. The cost of the investment that will be recovered is compared to that outcome.

## 5. Discussion

The results of the study concluded that the causal model of accounting data quality and hotel financial success among small and medium-sized hotel businesses in Thailand found that professional accounting skills were directly related to report quality. Financial Coefficient at 0.27 coefficient of accounting professional ethics has a direct relationship with financial reporting quality; coefficient at 0.50 management of accounting department has a direct relationship with financial reporting quality coefficient of 0.32 is statistically significant that 0.01 Accept the hypothesis consistent with Lsobe et al. (2008, p. 124). Study of the relationship between competence and performance of accountants. The quality of work is credible and knowledge should be developed continuously. Swangnate (2004, p.94) studied the accounting skills employed by executives in the organization. Work differently education. there is an expectation of the characteristics of an accountant for the skills of a professional accountant, differing in professional ethics, attitudes. As with the Thitirat Meemak and et.al., (2016, p.78) study in the United States, the organization focused on issues affecting the quality of financial reporting. Because of the lack of effective operational integrity, bankruptcy of a publicly traded company and a lack of effective administrative control the US academy emphasizes. Cultivate ethics in honesty and also line with Yahya Kamyabi (2011, p. 86) studies the work of an accountant that affects the operations of SMEs in Iran. It was found that the professional accounting ethics have an impact on reporting financial business results. Lseri-Say et al.(2008, p.76) studied popular management techniques for improving the efficiency of large businesses in Turkey. It was found that management techniques had an effect on the competitive position of the organization, the structuring of the work with strategies to make a difference together with the management knowledge in organizational adaptation to create satisfaction. In accordance with Chenhall, RH (2003, p.79) it studies management styles that affect work decision-making at both the individual and organizational levels. It was found that management that the organization created in the style of operation, attitude qualitative characteristics of management. And decision-making patterns influence work decisions at both the individual and managerial levels. The accounting department has a direct correlation to the financial success of the business. Coefficient of 0.51. In finance, the coefficient of 0.44 was statistically significant at 0.01. Chang, HH, & Ku, PW (2009, p. 124) hypothesis was accepted. Quality affects earnings It was found that the management model had an effect on the focus of marketing. The quality of service data and the results of the services impacted financial results as well as Doherty MJ (2011, p.98) conducted a human resource study, comparing cultural values of entrepreneurs in Ukraine and the United States. The two countries have different cultural values but the creation of shared values in the organization has no difference in working for the organization to be successful, according to the Lee SM, & Peterson S. (2000, p.57) studies. Entrepreneurial Culture of the Global Competition Found that creating a culture of successful entrepreneurship It must consist of shared values, management models, and impactful performance. Ames (2013, p.114) studies the impact of applying international financial reporting standards on the quality of financial reporting listed companies in South Africa. It was found that the quality of financial reporting information influences planning decision-making. The data must be reliable, accurate and complete, in line with Doherty, MJ (2011, p. 214), who studied the quality of accountants in accounting firms in Norway regarding Accounting competence from the perspective of information users is a key factor in planning business decisions as Everaert & Rommel (2010, p.87) studies the factors for success in the Irish hotel industry. Increased sales or revenues have been found to be part of a strategy for organizations to grow, better managing hotel finance costs and customer service quality ratings compared to competitors. Standards for providing effective asset management services and products employee performance management promoting improvement in innovation, including the ability to manage and develop employees. Komala, AR (2012, p.62) Impact of the adoption of international financial reporting standards affects the accounting quality of companies registered in the country. Kenya it was found that the financial reporting standard had an effect on the financial report used. To measure the quality of financial reports are the reporting of information must be accurate, complete, transparent,

impartial, timeliness for use in decision-making. Therefore, small and medium-sized hotel businesses in Thailand can use the research results in planning the operations of the organization to increase financial efficiency.

## 6. Recommendations

### 6.1. Recommendations for Practices

1. The organization's management knows the factors contributing the quality of financial reports and the financial success of small and medium-sized hotel businesses in Thailand.
2. The model can be applied to planning the development of operations of the organization, especially the accounting department. Including other departments to comply with the goals of the organization
3. Executives should be aware of and give importance to the information of the accounting department. To support planning and decision-making in the best interest of the organization, emphasizing the importance of taking these factors into consideration in policy formulation and supporting the practice various areas including professional skills. Ethics and work in the management by promoting the accounting department to attend meetings, plan events or attend new knowledge training to promote more perception of correct information and timely changes.

### 6.2. Recommendations for Further Research

1. This model should be studied in hotel businesses that are not in the 12 must-see cities in order to lead confirmation of the model.
2. The factors affecting the quality of financial reports and financial success should be further studied by using information from other parties to study, such as information from the marketing department, HR department, etc.

## 7. Conclusion

In conclusion, the findings from the analysis of both quantitative and qualitative showed that a causal factor model for the quality of accounting information and the financial success of the hotel business among small and medium-sized hotel businesses in Thailand. It was found that professional accounting skills were directly related to the quality of financial reports. Code of ethics for professional accountants has a direct relationship with the quality of financial reports. The management of the accounting department has a direct relationship with financial reporting quality with statistical significance that assumptions are accepted. The management of the accounting department has a direct relationship to the financial success of a business. And the quality of financial reports has direct relationship to financial success. Therefore, small and medium-sized hotel businesses can apply the findings of this research to plan the organization's operations to be more economical

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