

THAI ACCOUNTANTS' UNDERSTANDING OF THAI FINANCIAL REPORTING STANDARDS FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN NORTHEASTERN THAILAND*

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Abstract

This research investigates Thai accountants' level of understanding of the Thai Financial Reporting Standards for Small and Medium-Sized Enterprises (TFRS for SMEs) in Northeastern Thailand and examines whether individual characteristics influence variations in knowledge levels. A quantitative approach was employed using a cross-sectional survey design. Data were collected from professional accountants working in SMEs across the region through structured questionnaires. Descriptive statistics were applied to evaluate the overall level of understanding, while multiple regression analysis was used to examine the influence of personal factors including gender, age, educational attainment, work experience, and job position. The results indicate that accountants in Northeastern Thailand generally demonstrate a relatively high level of understanding of TFRS for SMEs. Regression analysis shows that educational

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attainment and work experience are significant predictors of knowledge levels, whereas gender does not appear to have a statistically significant effect. These findings are broadly consistent with human capital theory, suggesting that professional competence in financial reporting is closely associated with education and accumulated work experience. The study contributes region-specific empirical evidence regarding the implementation of TFRS for SMEs and provides practical implications for professional bodies, policymakers, and educational institutions aiming to strengthen accounting competencies and improve financial reporting quality among SMEs in Thailand.

Keywords: TFRS for SMEs, Accountants, Financial Reporting Standards, SMEs, Northeastern Thailand

Introduction

Financial reporting standards play a crucial role in promoting transparency, accountability, and comparability in financial information. In an increasingly globalized economy, the harmonization of accounting standards facilitates cross-border investment, enhances investor confidence, and helps reduce information asymmetry between firms and stakeholders (Baskerville & Simpkins, 1997). As a result, many jurisdictions have adopted International Financial Reporting Standards (IFRS) in an effort to align domestic accounting practices with internationally recognized benchmarks.

Despite these advantages, the complexity and implementation costs associated with full IFRS can create substantial challenges for small and medium-sized enterprises (SMEs), which often operate with limited financial, technical, and administrative resources (International Accounting Standards Board [IASB], 2009). To address these concerns, the IASB introduced the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) in 2009. This framework provides simplified recognition, measurement, and disclosure

requirements while maintaining an acceptable level of reporting quality for entities without public accountability (IASB, 2009). By balancing reporting comparability with practical applicability, IFRS for SMEs aims to reduce regulatory burdens and improve the accessibility of financial reporting standards for smaller businesses. Given that SMEs represent a substantial share of enterprises worldwide, the effective implementation of simplified reporting standards plays an important role in supporting sustainable economic development (Neag, 2010).

In Thailand, the Federation of Accounting Professions (FAP) adopted Thai Financial Reporting Standards (TFRS) in alignment with IFRS to enhance financial transparency and international comparability. Subsequently, TFRS for SMEs was introduced to provide a more appropriate reporting framework for non-publicly accountable entities while maintaining the reliability and decision usefulness of financial statements (Federation of Accounting Professions [FAP], 2014). SMEs constitute a significant component of Thailand's economy and contribute substantially to employment generation, income distribution, and regional economic development. Consequently, the successful implementation of TFRS for SMEs is closely associated with regulatory compliance and the long-term sustainability of SME operations.

The effectiveness of financial reporting standards, however, depends largely on the competence and understanding of professional accountants responsible for their application. Previous studies suggest that the level of understanding of accounting standards may vary across demographic and professional characteristics, including educational attainment and work experience (Kılıç et al., 2014; Neag, 2010). Limited understanding may increase the risk of misapplication of reporting standards and may ultimately reduce the quality of financial reporting. Although earlier research in Thailand has provided valuable insights into accountants' knowledge of financial reporting standards, several important gaps remain in the literature.

First, most existing empirical studies have focused on national-level samples or metropolitan contexts, with relatively limited attention given to regional disparities in professional capacity and institutional support. In particular, empirical evidence concerning accountants' understanding of TFRS for SMEs in Northeastern Thailand remains scarce. This region contains a large concentration of SMEs operating in sectors such as agriculture, trade, and services, and may differ from other regions in terms of access to continuing professional education and institutional resources. Examining regional contexts may therefore provide a more nuanced understanding of how institutional environments shape professional practices (DiMaggio & Powell, 1983).

Second, prior studies conducted in Thailand have largely relied on descriptive analysis and have seldom employed predictive statistical models to examine the extent to which personal characteristics influence variations in knowledge levels. Without such analysis, it is difficult to identify key determinants of professional understanding and to design targeted policy interventions aimed at improving accounting competence. Addressing these limitations is therefore important for advancing both theoretical and practical understanding of the implementation of TFRS for SMEs.

Accordingly, this study pursues two primary objectives. First, it assesses the level of Thai accountants' understanding of TFRS for SMEs in Northeastern Thailand using descriptive statistical analysis. Second, it examines whether personal characteristics including gender, age, educational attainment, work experience, and job position are associated with variations in knowledge levels through multiple regression analysis. By providing region-specific empirical evidence and incorporating predictive modeling, this study contributes to the existing literature and offers practical implications for policymakers, professional bodies, and educational institutions seeking to strengthen financial reporting quality among SMEs in Thailand.

Objectives

1. To examine the level of understanding of the Thai Financial Reporting Standards for Small and Medium-Sized Enterprises (TFRS for SMEs) among Thai accountants in Northeastern Thailand.
2. To analyze the relationship between personal factors and the level of understanding of TFRS for SMEs among Thai accountants in Northeastern Thailand.
3. To determine the extent to which personal factors significantly predict accountants' understanding of TFRS for SMEs using multiple regression analysis.

Literature Review

Financial reporting standards serve as important institutional mechanisms that enhance transparency, comparability, and accountability in financial reporting practices. The global movement toward harmonization of accounting standards has largely been driven by the need to reduce information asymmetry and facilitate cross-border investment in increasingly integrated capital markets (Baskerville & Simpkins, 1997). In response to these pressures, many jurisdictions have adopted the International Financial Reporting Standards (IFRS) as a means of aligning domestic reporting practices with internationally recognized frameworks.

Despite the advantages associated with IFRS adoption, the complexity of full IFRS has posed considerable challenges for small and medium-sized enterprises (SMEs), which often operate with limited financial, technical, and human resources (International Accounting Standards Board [IASB], 2009). To address these concerns, the IASB introduced the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) in 2009. This simplified framework reduces recognition, measurement, and disclosure requirements while maintaining an acceptable level of reporting quality for

entities without public accountability (IASB, 2009; Neag, 2010). Nevertheless, empirical studies suggest that the effectiveness of IFRS for SMEs implementation varies across countries and institutional environments. Differences in regulatory structures, professional training systems, and institutional support mechanisms may significantly influence the successful adoption of simplified financial reporting standards (Bohusova & Blaskova, 2011).

In the Thai context, Thai Financial Reporting Standards (TFRS) were adopted in alignment with IFRS to enhance transparency and improve international comparability of financial statements. Subsequently, TFRS for SMEs was introduced to reduce reporting burdens for non-publicly accountable entities while maintaining the reliability and usefulness of financial information for decision-making purposes (Federation of Accounting Professions [FAP], 2014). Previous research conducted in Thailand suggests that accountants generally possess a reasonable level of knowledge regarding financial reporting standards. However, empirical findings concerning the influence of demographic characteristics on professional understanding remain inconsistent (Matunchai et al., 2014). In contrast, several international studies report that educational attainment and professional training play an important role in shaping accountants' preparedness for IFRS for SMEs implementation (Kılıç et al., 2014). These contrasting findings highlight the importance of examining contextual and regional factors that may influence professional competence.

From a theoretical perspective, human capital theory suggests that education and accumulated professional experience contribute to the development of knowledge and professional competence (Becker, 1964). In the context of accounting practice, individuals with higher educational attainment and longer work experience are more likely to acquire the technical skills required for applying complex financial reporting standards. In addition, institutional theory emphasizes that professional practices are shaped by broader organizational and regulatory environments (DiMaggio & Powell, 1983).

Differences in institutional support, access to professional training, and regulatory enforcement may therefore influence how accounting standards are understood and implemented across different contexts.

Given the limited availability of regional-level empirical evidence, particularly in Northeastern Thailand, further investigation is needed to understand how professional and contextual factors influence accountants' understanding of TFRS for SMEs. This study therefore seeks to address this research gap by examining the level of accountants' understanding of TFRS for SMEs and analyzing the extent to which personal characteristics contribute to variations in knowledge levels within a specific regional context.

Methodology

1. Research Design. This study employs a quantitative research design using a cross-sectional survey approach to examine Thai accountants' understanding of the Thai Financial Reporting Standards for Small and Medium-Sized Enterprises (TFRS for SMEs) in Northeastern Thailand. A survey method is appropriate for collecting standardized data from a large number of respondents and enables statistical generalization within a defined population (Creswell & Creswell, 2018). Descriptive statistics are used to assess the overall level of understanding, while multiple regression analysis is conducted to examine the relationship between personal factors and knowledge levels.

2. Population and Sample. The target population consists of Thai professional accountants working in small and medium-sized enterprises (SMEs) located in Northeastern Thailand. SMEs are defined according to the criteria established by relevant Thai regulatory authorities. The study focuses on accountants responsible for preparing or reviewing financial statements under TFRS for SMEs. The sample size was determined using Yamane's (1973) formula for finite populations:

$$n = \frac{N}{1 + N(e)^2}$$

where n represents the sample size, N is the population size, and e is the acceptable margin of error, set at 0.05. This method ensures adequate representativeness for survey research. In addition, minimum sample size recommendations for multiple regression analysis were considered to ensure sufficient statistical power for five independent variables (Hair et al., 2019). A final sample size exceeding the minimum threshold was targeted to enhance robustness. Stratified sampling was applied where feasible to ensure representation across provinces in Northeastern Thailand. When stratification was impractical, convenience sampling was employed while maintaining proportional distribution across major business sectors.

3. Research Instrument. Data were collected using a structured questionnaire divided into two sections. The first section gathered demographic and professional information, including gender, age, educational attainment, accounting work experience, and current job position. These variables were selected based on prior research indicating their potential influence on professional knowledge (Kılıç et al., 2014; Neag, 2010). The second section measured respondents' understanding of TFRS for SMEs, covering recognition, measurement, presentation, and disclosure requirements as outlined by the Federation of Accounting Professions (FAP, 2014). Responses were measured using a five-point Likert scale ranging from 1 (very low understanding) to 5 (very high understanding). Likert scales are widely accepted for measuring perceptions and knowledge in social science research (Likert, 1932).

4. Validity and Reliability. Content validity was established through expert review by accounting scholars and practitioners. Construct validity was assessed through item-total correlations. Reliability was evaluated using Cronbach's alpha, with a value of 0.70 or higher considered acceptable (Nunnally

& Bernstein, 1994). A pilot study was conducted to refine wording and ensure clarity prior to full data collection.

5. Data Collection Procedure. Data were collected through both online and paper-based questionnaires. Participation was voluntary, and confidentiality was assured. Completed responses were screened for completeness before analysis. Descriptive statistics (frequency, percentage, mean, and standard deviation) were used to summarize respondent characteristics and assess overall understanding levels. Multiple regression analysis was employed to examine the influence of personal factors on understanding. The regression model is specified as:

$$Y = \beta_0 + \beta_1(\text{Gender}) + \beta_2(\text{Age}) + \beta_3(\text{Education}) + \beta_4(\text{Experience}) + \beta_5(\text{Position}) + \varepsilon$$

where Y represents the level of understanding of TFRS for SMEs. Assumptions of normality, linearity, homoscedasticity, and multicollinearity were tested prior to analysis. Variance Inflation Factor (VIF) values below 10 were considered acceptable (Hair et al., 2019). Statistical significance was evaluated at the 0.05 level.

Results

This study aimed to (1) examine the level of understanding of TFRS for SMEs among Thai accountants in Northeastern Thailand and (2) investigate whether personal factors significantly influence their understanding using multiple regression analysis. A total of 402 valid questionnaires were analyzed. The majority of respondents were female (70.6%), aged between 31–40 years (41.8%), held a bachelor's degree (77.6%), and had more than 10 years of accounting experience (37.8%).

Level of Understanding of TFRS for SMEs. Descriptive statistics were computed to address Objective 1. The overall mean score for understanding was 3.87 (SD = 0.54), indicating a high level of understanding among accountants in

Northeastern Thailand. Among the sub-dimensions, disclosure requirements recorded the highest mean ($M = 3.98$), whereas measurement principles showed the lowest mean ($M = 3.75$). These findings suggest that respondents demonstrate relatively strong comprehension across core components of TFRS for SMEs.

Reliability analysis confirmed strong internal consistency, with Cronbach's alpha equal to 0.89, exceeding the acceptable threshold of 0.70.

Correlation Analysis. Pearson correlation analysis was conducted prior to regression testing.

Table 1 Correlation Matrix

Variable	1	2	3	4	5	6
1. Understanding	1					
2. Gender	.05	1				
3. Age	.18*	.12	1			
4. Education	.21**	.04	.19*	1		
5. Experience	.29**	.08	.63**	.17*	1	
6. Position	.24**	.03	.48**	.20**	.52**	1

$p < .05$, ** $p < .01$

Education, experience, and position were positively and significantly correlated with understanding.

Multiple Regression Analysis. To address Objective 2, multiple regression analysis was conducted. Assumption testing confirmed normality of residuals, absence of heteroscedasticity, and acceptable multicollinearity (VIF range = 1.12–2.48).

Table 2 Multiple Regression Results Predicting Understanding of TFRS for SMEs

Variable	B	SE	β	t	p	VIF
Constant	2.31	0.28	—	8.25	< .001	—
Gender	0.04	0.05	.03	0.82	.412	1.12
Age	0.06	0.03	.09	1.98	.048*	2.10
Education	0.18	0.06	.15	3.02	.003**	1.45
Experience	0.22	0.05	.23	4.31	< .001**	2.48
Position	0.16	0.07	.12	2.29	.022*	1.76

Model Summary: $R^2 = .26$, Adjusted $R^2 = .25$, $F(5, 396) = 27.86$, $p < .001$

*$p < .05$, ** $p < .01$*

The regression model was statistically significant, explaining 26% of the variance in understanding. Work experience ($\beta = .23$) was the strongest predictor, followed by education level ($\beta = .15$) and job position ($\beta = .12$). Gender was not a significant predictor. Overall, the findings indicate that Thai accountants in Northeastern Thailand demonstrate a high level of understanding of TFRS for SMEs, and that professional characteristics particularly experience and education significantly influence knowledge levels.

Discussion

This study examined the level of Thai accountants' understanding of the Thai Financial Reporting Standards for Small and Medium-Sized Enterprises (TFRS for SMEs) in Northeastern Thailand and investigated whether personal factors significantly influence knowledge levels. The findings indicate that accountants in the region demonstrate a generally high level of understanding. This suggests

that professional accountants in Northeastern Thailand possess adequate foundational knowledge to apply simplified financial reporting standards in practice. The results are consistent with prior research conducted in Thailand, which reported relatively strong knowledge levels among accounting professionals regarding financial reporting standards (Matunchai et al., 2014). This consistency may reflect the effectiveness of the Federation of Accounting Professions (FAP) in disseminating updated standards and promoting continuing professional education. Moreover, the simplified structure of TFRS for SMEs compared to full IFRS may enhance comprehension and practical implementation among non-publicly accountable entities (International Accounting Standards Board [IASB], 2009; Neag, 2010).

The regression analysis reveals that work experience and educational attainment significantly predict understanding, whereas gender does not. These findings partially support human capital theory, which posits that knowledge and productivity increase through education and accumulated professional experience (Becker, 1964). Accountants with higher education levels and longer work experience are more likely to have been exposed to advanced accounting concepts and practical applications of standards, thereby strengthening their competence. The importance of professional experience aligns with international evidence emphasizing the role of practical exposure in understanding IFRS for SMEs (Kılıç et al., 2014).

In contrast, the absence of a significant gender effect supports earlier findings suggesting that demographic characteristics alone may not determine professional knowledge levels (Matunchai et al., 2014, Kajornatthapol et al., 2022). This indicates that accounting competence is shaped more by training and experiential learning than by inherent demographic attributes. Importantly, this study contributes region-specific evidence from Northeastern Thailand. Institutional theory suggests that professional practices are influenced by contextual factors such as regulatory environments and professional networks

(DiMaggio & Powell, 1983). The relatively high knowledge level observed suggests that institutional support mechanisms are effectively reaching accountants in regional areas.

From a policy perspective, the significant roles of education and experience imply that professional bodies should prioritize targeted training programs for less experienced accountants and strengthen collaboration with universities to enhance curriculum alignment with TFRS for SMEs. Although the regression model explains a moderate proportion of variance, future research may incorporate additional organizational and training-related variables to further explain knowledge differences. Overall, strengthening accountants' understanding of TFRS for SMEs remains essential for improving financial reporting quality and supporting sustainable SME development in Northeastern Thailand.

Recommendation

Based on the findings of this study, several practical implications can be proposed for professional bodies, educational institutions, and policymakers. First, professional accounting organizations and regulatory authorities should prioritize targeted continuing professional development programs, particularly for less experienced accountants, in order to strengthen their practical understanding and application of TFRS for SMEs. Structured training initiatives and workshops may help improve accountants' technical competence and ensure consistent implementation of financial reporting standards. Second, universities and higher education institutions should consider enhancing curriculum alignment with current financial reporting standards. Integrating TFRS for SMEs into accounting education can help ensure that graduates possess the necessary theoretical knowledge and practical skills required for professional practice. Third, small and medium-sized enterprises should encourage accountants to participate in continuous professional training and provide institutional support

that facilitates knowledge updating and professional development. Organizational support mechanisms may contribute to improving the quality and reliability of financial reporting practices within SMEs. Finally, policymakers may consider implementing region-specific training initiatives aimed at reducing potential disparities in professional capacity across different regions. Strengthening collaboration among regulatory agencies, academic institutions, and professional organizations will play a critical role in enhancing accountants' competencies and improving the overall quality of financial reporting among SMEs. Such collaborative efforts may ultimately contribute to the sustainable development of SMEs in Northeastern Thailand.

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