

The Impact of Financial Report Quality on the Competitive Advantage of Small and Medium Enterprises in Isan Region Thailand

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Abstract

This study aims to investigate the levels of financial reporting quality, competitive advantage, and the impact of financial reporting quality on the competitive advantage of Small and Medium Enterprises (SMEs) in the Isan Region of Thailand. The study population and sample consist of SMEs participating in the "Productivity Improvement Loan" project of the Small and Medium Enterprise Development Bank of Thailand (SME Development Bank) across eight provinces in the Isan Region: Nong Khai, Nakhon Phanom, Sakon Nakhon, Udon Thani, Nong Bua Lamphu, Loei, Mukdahan, Kalasin, Khon Kaen, Amnat Charoen, Yasothon, Roi Et, Maha Sarakham, Chaiyaphum, Nakhon Ratchasima, Buriram, Surin, Sisaket, and Ubon Ratchathani, totaling 400 samples. The research employed the Taro Yamane formula to determine the sample size at a 95% confidence level. The research instrument comprised a questionnaire with both a checklist section and a 5-level rating scale section. Quantitative data were analyzed using descriptive statistics, including frequency, percentage, mean, standard deviation, and T-test in multiple regression analysis. The study's findings indicate that the perception of financial reporting quality and the competitive advantage of SMEs in the Isan Region of Thailand, overall, were at a high level. The examination of the effect of financial reporting quality on the competitive advantage of SMEs in the Isan Region of Thailand revealed a positive relationship. Moreover, variables that significantly contributed to gaining a competitive advantage for SMEs in the Isan Region of Thailand included low-cost leadership.

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Keywords: Financial Report Quality, Small and Medium Enterprises, Isan Region Thailand, Competitive Advantage

Introduction

Small and medium enterprises (SMEs) in Thailand constitute a staggering 98.5 percent of the total number of registered businesses in the country. They are primarily concentrated in the wholesale and retail sector, followed by the service sector and the manufacturing sector, in that order. Despite their modest size, SMEs play a pivotal role in the economy by generating local employment opportunities, thereby reducing the influx of immigrants to the capital city. Beyond job creation, SMEs serve as vital sources of raw materials and intermediate goods for larger enterprises. They also contribute significantly to the production of goods for domestic consumption, helping to replace imported products and contributing to the continuous growth of the Thai economy (Office of Small and Medium Enterprise Promotion, 2015). Especially among SMEs operating in the Isan Region, particularly in the Isan Region provinces, these businesses play a pivotal role. The Isan Region area serves as a significant hub for trade and production, functioning as the country's agricultural production base for both staple crops and horticultural products. It not only boasts natural attractions but also embodies the rich Isan culture, providing SMEs with the opportunity to blend tradition with innovation, creating new artistic expressions rooted in the Isan identity. This cultural fusion also bridges the cultures of the upper Mekong Basin, establishing the Isan Region provinces as a cornerstone of Eastern Isan culture. This region serves as a natural tourist magnet and a gateway for cross-border trade, thereby connecting the local economy and tourism with the broader Mekong Subregion and South Asia. Furthermore, it stands as a vital hub for agricultural crop production, offering a diverse array of natural and cultural attractions, including ecotourism and wellness. SMEs in this region capitalize on their unique selling points, blending regional identity with consumer preferences in terms of product design and service delivery, thereby setting themselves apart. Their commitment to delivering distinctive services, designing spaces thoughtfully, and creating a clear brand identity ensures that they remain in the memory and interest of their customers. Leveraging services from government agencies, particularly in research and development, product packaging, and marketing channels, as well as efficient resource and personnel management, SMEs in this region strategically position their products or services in the market (Office of Small and

Medium Enterprises Promotion, 2017). When it comes to the crucial aspects of small and medium-sized business operations, the accounting system takes center stage. An effective accounting system not only ensures the efficient and flexible functioning of the business but also safeguards it against corruption. Some small and medium-sized businesses opt for legal incorporation, making corporate income tax payment mandatory. This tax is levied on the net profit generated by the business, making compliance with financial reporting standards essential. Small and medium business owners should prioritize understanding taxation and accounting principles, ensuring that their financial reports adhere to the format specified by the International Financial Reporting Standards for Small and Medium-sized Entities, (IFRS for SMEs, 2015), (Federation of Accounting Professions under the Royal Patronage of His Majesty the King, 2016). This includes the concept of financial reporting quality, which is inherently qualitative, Conceptual Framework for Financial Reporting Quality, 2015. However, one limitation in the realm of SME competition lies in the non-standardized preparation of financial statements, which hinders the accurate reflection of business operations. In response to this issue, the Federation of Accounting Professions, under Royal Patronage, (2016), established a conceptual framework for financial reporting, laying the foundation for the preparation and presentation of financial statements to third-party users. The primary goal of financial reporting is to provide valuable financial information about the entity to investors, lenders, and other creditors, both for current decision-making and future resource allocation (Federation of Accounting Professions under the Royal Patronage of His Majesty the King, 2016).

SMEs play a pivotal role in propelling the nation's economy forward. To ensure sustainable economic growth, SMEs must be nurtured to become entrepreneurial entities equipped with effective management and a competitive edge. This competitive advantage is achieved by offering something unique that differentiates a business from its competitors and leaves customers satisfied (Umawadee D. and Nareerat P., 2018).

The creation of a competitive advantage involves identifying suitable strategies for the business, bolstering its operational efficiency, and surpassing competitors. Businesses can leverage their internal strengths and capitalize on opportunities in the external environment to establish a sustainable competitive advantage (Umawadee D. and Nareerat P., 2018). In alignment with these principles, Wilaisakulyong, N., (2010) found that certain factors obstruct the strong operation of SMEs. These barriers often

arise from a lack of financial management knowledge and an erroneous belief that investing in complex accounting and financial analysis systems is unnecessary. Consequently, these businesses suffer from a dearth of financial credibility, hampering their access to funding sources from financial institutions. Moreover, public confidence in a business is influenced by the quality of its financial statements and financial reporting, impacting effective resource allocation (Office of Small and Medium Enterprises Promotion, 2017). In light of the aforementioned context, the research team embarked on a study to explore how the quality of financial reporting affects the competitive advantage of small and medium-sized enterprises (SMEs) in the Isan Region. Despite the competitive potential inherent in such businesses, their financial statements often fail to accurately depict their actual operational performance, crucial for effective financial decision-making. To address this issue, it is imperative to establish relevant financial reporting standards that benefit financial statement users by providing essential information for economic decision-making, facilitating effective business planning, control, and development, and promoting sustainable growth. Moreover, fostering financial acumen among SME entrepreneurs and their personnel is essential to ensure the preparation of efficient and reliable financial reports. This, in turn, paves the way for business success and the realization of future objectives (Federation of Accounting Professions under the Royal Patronage of His Majesty the King, 2016). Given the indispensable role SMEs play in the nation's economy, fostering entrepreneurial individuals with effective management skills and a competitive edge is crucial for sustainable economic growth. These businesses must strive to differentiate themselves and excel in their operations to become market leaders in the agribusiness sector. Utilizing various strategies, such as differentiation, cost leadership, niche market targeting, and quick response, SMEs can create superior customer satisfaction and set themselves apart from the competition. A sustainable competitive advantage is a business's ticket to success, allowing it to offer exceptional value to customers and secure a lasting foothold in the market (Healy S., Srinivasan, & Yu, 2014).

In conclusion, the creation of a competitive advantage is pivotal for SMEs, enabling them to distinguish themselves from competitors and excel in their operations. Ensuring the effective preparation of financial reports is vital for these businesses to gain financial credibility and access funding sources. As SMEs continue to play an integral role in the economy, nurturing entrepreneurship and financial

acumen is essential for their growth and success, contributing to sustainable economic development.

Research's objective

1. To examine the financial report quality of small and medium-sized enterprises (SMEs) in the Isan Region.
2. To assess the competitive advantage level of small and medium-sized enterprises (SMEs) in the Isan Region.
3. To investigate the impact of financial report quality on the competitive advantage of small and medium-sized enterprises (SMEs) in the Isan Region.

Hypothesis

Quality Testing of Financial Reports on Competitive Advantage of Small and Medium Businesses in the Isan Region

Conceptual framework

The research team has assimilated academic concepts pertaining to financial reporting quality (Financial Reporting Quality), characterized by its qualitative attributes as defined by the Federation of Accounting Professions Under the Royal Patronage, (2016). These attributes encompass the capacity to ensure verifiability, timeliness, and comparability. Furthermore, the research incorporates the competitive advantage variable (Competitive Advantage), as outlined by Porter, (1985), encompassing elements such as Low Cost Leadership, Managerial Capability, Profitability, and Business Leadership (First Mover). The analysis of these relevant theoretical concepts facilitates the effective fulfillment of the research objectives as illustrated in Figure 1.

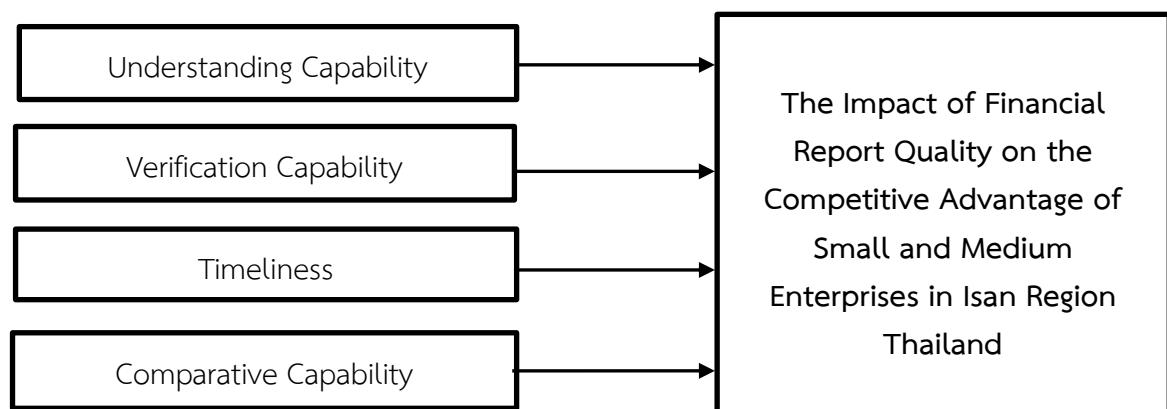


Figure 1 Conceptual framework

Literature review

1. Financial Report Quality

Financial report quality refers to the degree to which financial statements accurately represent a company's financial performance and position in accordance with accounting standards. Several key concepts are critical to ensuring high-quality financial reporting (Atthaphon Tanphiphat Aree,2017): 1.1) Relevance: Financial reports must contain information that is pertinent to the decision-making needs of users. This means including all material data while excluding immaterial details to avoid clutter. 1.2) Reliability: Information should be reliable, which means it is free from bias, error, or distortion. It should faithfully represent the underlying transactions and events. 1.3) Consistency: Financial reports should be prepared using consistent accounting methods and principles over time, allowing for meaningful comparisons across periods. 1.4) Comparability: Reports should enable users to compare a company's performance and financial position with other entities or across different periods, enhancing the usefulness of the information. 1.5) Transparency: Information should be presented clearly and comprehensibly, with full disclosure of significant accounting policies, assumptions, and uncertainties. 1.6) Completeness: Financial reports must include all necessary elements, including the balance sheet, income statement, cash flow statement, and footnotes, to provide a comprehensive view of the company's financial health. 1.7) Fair Presentation: Financial statements should present the financial position and performance of the company fairly and faithfully, without manipulation or distortion. 1.8) Timeliness: Reports should be issued promptly to ensure that users have access to current and relevant information for decision-making. 1.9) Understandability: Financial reports should be designed and organized in a way that makes them easily understandable to users with a reasonable knowledge of business and financial matters. 1.10 Materiality: Information should be reported if its omission or misstatement could influence the decisions of users. Materiality is a key factor in determining what information is included in financial reports. Adhering to these quality concepts ensures that financial reports are a reliable and valuable tool for stakeholders, such as investors, creditors, and management, in assessing a company's financial performance and making informed decisions.

2. Competitive Advantage of Small and Medium Enterprises in Isan Region Thailand

Small and Medium Enterprises (SMEs) in Thailand possess several competitive advantages that enable them to thrive in the business landscape: 1) Low Labor Costs: Thailand offers a relatively low-cost labor market compared to many developed countries. This cost advantage allows SMEs to maintain competitive production costs, making their products or services more attractive in both domestic and international markets. 2) Skilled Workforce: Thailand has a well-educated and skilled workforce. SMEs can tap into this talent pool to meet their specific needs, driving innovation and efficiency. 3) Strategic Location: Thailand's strategic location in Southeast Asia positions SMEs for easy access to regional markets. The country's well-developed transportation and logistics infrastructure facilitate trade and export opportunities. 4) Local Market Knowledge: SMEs often have an innate understanding of the local market dynamics, consumer preferences, and regulatory environment, which is crucial for success in Thailand. 5) Flexibility and Adaptability: SMEs can be nimble and responsive to market changes. This agility allows them to quickly adjust strategies, adopt new technologies, and explore emerging markets. 6) Government Support: The Thai government provides various incentives and support programs to promote SME growth. These include tax benefits, access to financing, and assistance with export promotion. 7) Strong Supply Chains: SMEs in Thailand often benefit from strong and efficient supply chains, especially in sectors like agriculture, textiles, and electronics, which are crucial for their competitiveness. 8) Local Networking: SMEs can leverage close-knit business networks and relationships in Thailand, aiding in procurement, distribution, and market penetration. 9) Cultural Adaptation: SMEs that understand and respect Thai culture and customs can build trust and long-lasting relationships with local partners and customers. In summary, SMEs in Thailand thrive due to their cost-efficiency, access to skilled labor, strategic location, government support, and adaptability. These factors, combined with local market knowledge and cultural adaptability, give them a strong competitive advantage in both domestic and regional markets.

Methodology

1. Research method

This research employs a quantitative methodology, specifically adopting a survey research approach, which categorically aligns with descriptive research. The research team has assimilated academic concepts pertaining to financial reporting

quality (Financial Reporting Quality), characterized by its qualitative attributes as defined by the Federation of Accounting Professions Under the Royal Patronage, (2016), (Federation of Accounting Professions under the Royal Patronage of His Majesty the King, 2016). These attributes encompass the capacity to ensure verifiability, timeliness, and comparability. Furthermore, the research incorporates the competitive advantage variable (Competitive Advantage), as outlined by Porter in 1985, encompassing elements such as Low Cost Leadership, Managerial Capability, Profitability, and Business Leadership (First Mover). The analysis of these relevant theoretical concepts facilitates the effective fulfillment of the research objectives.

2. Population and sample

The population under scrutiny in this research comprises small and medium-sized businesses that are clients of the Small and Medium Business Development Bank of Thailand and are participating in the "Credit to Develop Production Productivity (Productivity Improvement Loan)" project of the Small and Medium Business Development Bank of Thailand (SME Bank) across all 19 Isan Region provinces. Specifically, this research focuses on customers within the construction industry, totaling 3,953 customers (Office of Small and Medium Business Promotion, 2016). A sample size determination method, utilizing the Taro Yamane (1973) formula, was employed, aiming for a confidence level of 95% while accepting a sample selection error of 5%. This methodology resulted in a total population sample of 400 individuals. These selected sample groups are deemed appropriate for the data survey in this research, as they represent a well-defined group of businesses with established contacts.

3. Research instruments

In this research, a questionnaire served as the primary research instrument. The questionnaire was structured into three distinct sections: Part 1: Business Information of the Respondents This section encompassed demographic data, including gender, age, work experience, education level, job title, business type, number of employees, fixed asset value, and the period of business operation. Responses in this part were single-answer multiple-choice questions. Part 2: Opinions on the Quality of Financial Reports (Financial Reporting Quality) This section evaluated the qualitative characteristics of financial report quality, namely understandability, verifiability, timeliness, and comparability. Part 3: Opinions on Competitive Advantage This section assessed the level of competitive advantage, comprising low-cost leadership, managerial capabilities, profitability, and business leadership. Parts 2 and 3 of the questionnaires employed a Likert's rating scale, with responses rated on a 5-level scale. The highest level of agreement was assigned a score of 5, while the

lowest level received a score of 1. Interpretation of responses was based on class intervals, with scores ranging from 4.51 to 5.00 indicating the highest level of agreement, and scores from 1.00 to 1.49 signifying the lowest level. To ensure the questionnaire's quality, both validity and reliability tests were conducted. The alpha coefficient was used as the criteria, with a value not less than 0.70 considered acceptable. The outcome of the alpha coefficient test yielded a value of 0.902, meeting the established criteria and demonstrating the questionnaire's reliability and suitability for data collection within the selected sample group (Kajornatthapol et al., 2020).

4. Data collection

Data collection involved the administration of questionnaires to the specified sample size as detailed earlier. The information gathered from these questionnaires was subsequently subjected to statistical analysis. This analytical process was crucial for summarizing and discussing the research findings, ultimately contributing to the fulfillment of the research objectives.

5. Data analysis

The research team carefully selected statistical methods that align with the research objectives and are appropriate for the data at hand. These statistics were utilized to facilitate data analysis, and they include the following: 1) Descriptive Statistics: These were computed using pre-existing software programs to describe the personal characteristics of the respondents. This involved presenting data in a format that elucidates the properties and characteristics of variable distributions. Descriptive statistics include percentages, arithmetic means, and standard deviations. 2) Hypothesis Testing Statistics: These were employed in multiple regression analysis to elucidate the results of the statistical analysis. This analysis aimed to determine the influence of management accounting application variables on the success of construction businesses owned by small and medium-sized enterprises in the Isan Region.

Results

Based on the comprehensive data gathered from the 400 respondents in this research, several notable findings have emerged: 1) Gender: The predominant gender among the respondents was male, with a total of 320 individuals, constituting 80.00 percent of the sample. 2) Age Range: A noteworthy segment of respondents, totaling 285 individuals or 71.25 percent of the sample, fell within the age range of 40-59 years. 3) Education Level: A substantial cohort of respondents, amounting to 300 individuals or 75.00 percent of the sample, possessed bachelor's degrees. 4) Position: Business

owners comprised the dominant group of respondents, with 217 individuals, making up 54.32 percent of the sample. 5) Fixed Assets Value: Approximately 37.00 percent of the businesses reported fixed assets valued at less than 30 million baht, totaling 148 enterprises. In addition to these findings, within the category of 148 businesses in the service sector, they accounted for 37.00% of the total. Among the sample, 320 businesses, representing 80.00%, operated as limited companies. Furthermore, a substantial majority of 380 businesses, equivalent to 95.00%, had a track record of 10-15 years in operation.

Analysis of the Opinions Regarding the Quality of Financial Reports of Small and Medium-Sized Businesses in the Isan Region reveals an overall high level ($\bar{x}=4.05$, S.D.=0.79). When examining each aspect in descending order, it becomes evident that the level of opinions was consistently high across all aspects, including understandability ($\bar{x}=4.01$, S.D.=0.68), comparability ($\bar{x}=3.98$, S.D.=0.87), verifiability ($\bar{x}=3.97$, S.D.=0.32), and timeliness ($\bar{x}=3.85$, S.D.=0.48), as illustrated in Table 1.

The analysis of opinions regarding the competitive advantage of small and medium-sized businesses in the Isan Region indicates an overall high level ($\bar{x}=4.01$, S.D.=0.86). When each aspect is examined in descending order, it becomes evident that opinions about competitive advantage consistently lean towards the high level. These aspects include management ability ($\bar{x}=4.02$, S.D.=0.48), business leadership ($\bar{x}=3.89$, S.D.=0.74), low-cost leadership ($\bar{x}=3.79$, S.D.=0.53), and profitability ($\bar{x}=3.65$, S.D.=0.62), as presented in Table 2.

Table 1. Displays the Averages and Standard Deviations, Presenting an Analysis of the Overall level of Opinions Regarding the Quality of Financial Reports Among Small and Medium-Sized Businesses in the Isan Region.

Financial Reporting Quality of Small and Mid-sized Businesses in the Isan Region	\bar{x}	S.D.	Level of Opinion
Understanding Capability	4.01	0.68	High Level
Verification Capability	3.97	0.32	High Level
Timeliness	3.85	0.48	High Level
Comparative Capability	3.98	0.87	High Level
Overall Average	4.05	0.79	High Level

Table 2. Presents the Averages and Standard Deviations, Depicting the Overall level of Opinion Regarding the Competitive Advantage of Small and Medium-Sized Businesses in the Isan Region.

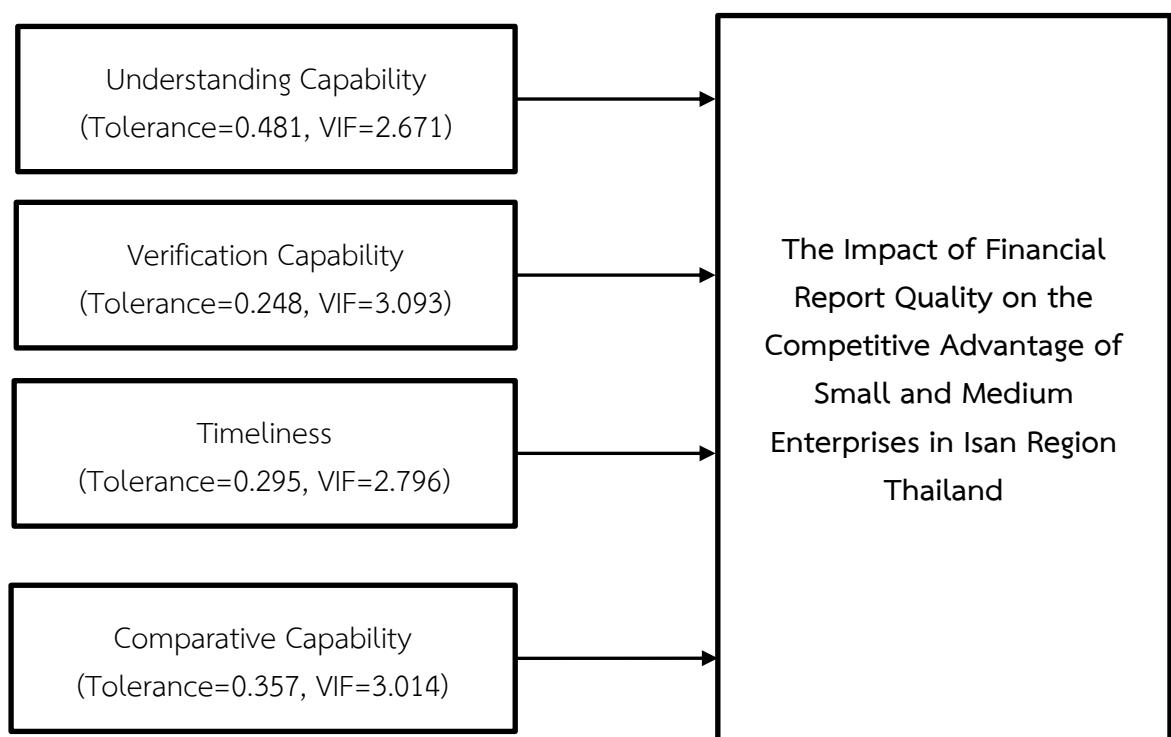
Small and Medium-Sized Businesses in the Isan Region	\bar{x}	S.D.	Level of Opinion
Low-Cost Leadership	3.79	0.53	High Level
Management Abilities	4.02	0.48	High Level
Profitability	3.65	0.62	High Level
Business Leadership	3.89	0.74	High Level
Overall Average	4.01	0.86	High Level

Quality Testing of Financial Reports on Competitive Advantage of Small and Medium Businesses in the Isan Region. In the preliminary analysis conducted through multiple regression, certain assumptions were considered, particularly in evaluating the relationship between variables, including the presence of multicollinearity. Pearson's Correlation Coefficient (Pearson's Product-Moment Correlation Coefficient) was employed for this purpose. The analysis revealed that the coefficient of financial report quality on the competitive advantage of medium and small businesses in the Isan Region exhibited values ranging from 0.399 to 0.777, with each variable demonstrating a positive correlation. Furthermore, these correlations were statistically significant at the 0.05 level. To gain further clarity regarding the relationship between the independent variables, the research team also examined the predictive variables, specifically Tolerance and VIF (Variance Inflation Factor). Tolerance values were ensured to be greater than 0.10, following the guidance of Foxall and Yani De Soriano, (2005). Additionally, VIF values were confirmed not to exceed 10, in line with Belsley's Criteria, (1991).

In the statistical analysis of Tolerance values related to aspects of planning, control, decision-making, and cost management, it was observed that the Tolerance values fell within the range of 0.025 to 0.671, surpassing the threshold of 0.10. Simultaneously, the VIF values remained below 10, ranging from 2.671 to 3.093, indicating the absence of multicollinearity. Additionally, independent variables underwent a stepwise multiple linear regression analysis, revealing the absence of autocorrelation in the data, as illustrated in Figure 2.

An analysis of the impact of financial report quality on the competitive advantage of small and medium enterprises in the Isan Region as a whole revealed

that the following variables significantly supported the competitive advantage of small and medium enterprises in the Isan Region: 1) Leadership in Low-Cost Management 2) Management Abilities 3) Profitability and 4) Business Leadership, These four variables exhibited statistical significance at the 0.05 level. Moreover, these variables collectively explained 72.40 percent of the variation in the competitive advantage of medium and small businesses in the Isan Region ($R^2 = 0.724$), as presented in Table 3.



* Statistically significant at the 0.05 level (Sig.)

→ Signifies a positive relationship,

→ Signifies a negative relationship

Figure 2 Summary of Tolerance Value Assumptions in Statistical Analysis.

Table 3. Analysis of the Impact of Financial Report Quality on the Competitive Advantage of Small and Medium-sized Businesses in the Isan Region Overall.

Variable	B	Beta	t-value	p-value
Constant	0.671		4.265*	0.000*
Understanding Capability	0.025	0.182	0.198	0.072
Verification Capability	0.325	0.184	1.956	0.087
Timeliness	0.214	0.082	3.610*	0.000*
Comparative Capability	0.226	0.081	4.597*	0.000*

R= 0.826 R²= 0.724 F= 86.965 p-value= 0.000

Discussion and conclusions

In the research on the Quality of Financial Reports Impact on Competitive Advantages of Small and Medium-sized Businesses in the Isan Region, three key points can be discussed:

1. The overall level of opinions regarding the quality of financial reports for medium and small businesses in the Isan Region was consistently high. When evaluating each aspect in descending order, it became evident that opinions across all aspects were consistently high. These aspects include the ability to understand, comparability, verifiability, and timeliness. This finding aligns with Natthawut Tantiseth, (2015) which explored factors influencing the quality of financial statements and their impact on the decision-making effectiveness of companies listed on the Stock Exchange of Thailand. It revealed a positive relationship between the timeliness of financial reports and decision-making effectiveness. It underscores the importance of preparing high-quality financial statements and encouraging accounting professionals to develop their expertise and implement appropriate information systems to facilitate the preparation of business financial statements, which in turn can support more informed economic decision-making. This finding is also consistent with the research of Umawadee D. and Nareerat P., (2018) which found that small and medium-sized enterprise entrepreneurs generally rated the overall quality of financial reports as high. When sorting the average opinions, timeliness, verifiability, and comparability were ranked highest.

2. The overall level of opinions concerning the competitive advantage of small and medium-sized businesses in the Isan Region is notably high. When assessing each aspect in descending order, it became evident that opinions regarding competitive advantage consistently leaned towards a high level. These aspects

encompass the ability to manage, leadership in business, low-cost leadership, and profitability. This finding aligns with Umawadee D. and Nareerat P., (2018) which highlighted that small and medium enterprises expressed their opinions about their overall competitive advantage at a high level. When ranking the average opinions, the top three aspects were leadership in business, management ability, and leadership in low costs.

3. The impact of financial report quality on the competitive advantage of medium and small businesses in the Isan Region as a whole revealed that supported variables were related to the competitive advantages of small and medium businesses in the Isan Region, specifically timeliness and comparability. These relationships were statistically significant at the 0.05 level. This finding aligns with the research results of Attaporn Tanphiphat-Aree, (2017) which identified that legal environment factors, business factors, auditor independence factors, auditor qualifications, and audit firm quality control factors were associated with the financial reporting quality of small and medium enterprises in Bangkok, explaining 82.70% of the variance ($R=0.827$). All five independent variables could account for changes in the financial report quality level of small and medium enterprises in Bangkok, amounting to 68.4 percent ($R^2= 0.684$). This also corresponds to the work of Umawadee D. and Nareerat P., (2018) which highlighted the increasing number of SMEs in Thailand and their adaptability to the competitive environment. SMEs play a crucial role in driving the country's economy, supporting more informed economic decisions. The research findings indicate that the quality of financial reports positively influences competitive advantage, with the key contributing variables being timeliness and comparability. These results can inform the development of visions, strategies, and policies for enhancing the financial reporting practices of small and medium enterprises. Such efforts are crucial for creating a sustainable competitive advantage in an ever-changing economic and competitive landscape, ensuring the organization's long-term viability.

Recommendation

1. Recommendations for implementing

The emerging academic knowledge from this research on the Quality of Financial Reports' Impact on Competitive Advantages of Small and Medium Businesses in the Isan Region should be directed towards the following areas:

1) Continuous Focus on Knowledge Development:

1.1) Prioritize the ongoing development of knowledge related to the preparation of high-quality financial reports, with particular emphasis on timeliness and

comparability. These factors significantly contribute to enhancing an organization's competitive advantage.

1.2) Such focus can empower organizations to achieve their operational objectives and elevate their competitiveness by enabling effective problem-solving in areas that impact business success.

2) Addressing Challenges and Obstacles:

2.1) Foster knowledge development that addresses challenges and obstacles in the work processes that may hinder the preparation of quality financial reports, especially in terms of timeliness and comparability.

2.2) Strive to improve and refine processes and methods for financial report preparation, making them more efficient. This enhancement enables the timely presentation of analytical results to stakeholders, facilitating informed decision-making across various situations and reducing operational risks.

2. Future research direction

For future research endeavors, consider expanding the scope to encompass additional factors or incorporating new variables and subfactors. This expansion should aim to comprehensively cover elements closely related to the credibility of financial statements for small and medium enterprises (SMEs). Additionally, it is advisable to extend the research to include a broader sample of financial institutions to enhance the generalizability of the findings and insights.

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