

CAUSAL RELATIONSHIPS BETWEEN BUSINESS STRATEGY, MANAGEMENT ACCOUNTING PRACTICES, AND THE PERFORMANCE OF THAI INDUSTRIES

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ABSTRACT

This study is survey research examining the causal relationships between business strategies, Traditional Management Accounting Practices (TMAP), Modern Management Accounting Practices (MMAP), and the performance of Thai industries. Data was collected using structured questionnaires sent to 720 companies in Thailand, of which 348 responses were usable, resulting in a response rate of 48.33%. The sample consisted of accounting executives. The research findings indicate that both cost leadership strategy and differentiation strategy have a significantly positive impact on the adoption of TMAP and MMAP. The study also found that TMAP positively influences the performance of Thai industrial businesses. Specifically, TMAP acts as a mediating variable in the relationship between cost leadership and differentiation strategies and business performance. Business strategy plays a crucial role in shaping management accounting practices. The cost leadership strategy aligns more closely with TMAP, which focuses on financial indicators and short-term outcomes. In contrast, the differentiation strategy emphasizes the use of MMAP, integrating strategic objectives and comprehensive decision-making information. The research suggests that aligning management accounting practices with business strategies can enhance performance. This study contributes to a better understanding of how different business strategies influence the adoption of TMAP and MMAP and the subsequent impact on business performance. The findings support Contingency Theory, which posits that businesses should design their management accounting systems in alignment with their strategies to improve competitiveness and performance.

Keywords: Business Strategy, Accounting Practices, Thai Industries, Traditional Management Accounting, Modern Management Accounting

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