

ABSTRACT

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BENEFITS OF FINANCIAL STATEMENTS IN SMALL BUSINESS ADMINISTRATION

AMPHUR MUANG , CHIANGMAI PROVINCE

BY

SUKANYA KHAMNUANSAKUNEE

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Chairman: Assistant Professor Choosak Jantanopsiri

Department/Faculty: Department of Agricultural Business Administration and Marketing,
Faculty of Agricultural Business

The purposes of this study were to investigate 1) benefits of financial statements in small business administration in Muang district, Chiang Mai province; 2) problems in utilizing financial statements in small business administration; and 3) solutions to problems in utilizing financial statements in small business administration. The data was collected by means of questionnaires and interviews from 420 samples of small businesses consisting of 103 industrial businesses, 128 commercial businesses and 189 service businesses and analyzed by using the SPSS.

The results showed that most of the respondents were business owners, held a bachelor' s degree, and had previous experience in administration. In terms of administrative system, they normally predetermined the business aim i.e. business stability, and tried to achieve it. Most of them chose to adjust and modernize the administrative system, made financial reports in form of profit and loss statements and balance sheets. They gave little importance to cash flow statements although these are the indicator of the flowing of business operation. Financial

statements were made at the end of every month for tax payment and administrative purposes. Generally the businesses prepared financial statements themselves.

In terms of benefits and problems arising from utilization of financial statements, it was found that small businesses made use of financial statements at a very high level in the following areas: planning e.g. profit, taxes, expenditure; controlling e.g. cost, expenses and inventory; and making decision e.g. business improvement and property investment. The problems in utilizing financial statements found at a moderate level included reporting wrong information and delay in reporting financial statements.

Concerning correlation among small businesses in setting up operational schemes to meet the objectives and utilization of financial statements, it was found that the businesses operated in the same direction e.g. pre-setting objectives, types of report, a time frame for doing reports, personnel in charge of report and types of report that can be utilized.

It was also found that all types of small businesses put the importance on problems of using financial reports. However, industrial businesses and commercial businesses were different in their utilization of financial statements for the controlling purpose. That is industrial businesses emphasized production control while commercial businesses emphasized internal control.

In conclusion, most of the small businesses solved their problems by providing more knowledge to their personnel making and utilizing financial statements i.e. administrative staff, using modern technology in collecting data, and improving financial and accounting work as well as accounting systems.