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# FINANCIAL MANAGEMENT AND ACCOUNTING PRACTICES FOR TOURISM GROUP COMMUNITY ENTERPRISE AT BAN BANG NANG LUWA, YALA, THAILAND

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## Abstract

The Tourism Group Community Enterprise at Ban Bannang Luwa Community was established to encourage the community to earn income from tourism. The objectives of this research were: 1) to study the context and potential of financial and accounting management of tourism group community enterprises at Ban Bannang Luwa community, and 2) to determine the appropriate financial management and accounting practices for these enterprises. This is qualitative research. The sample group consisted of seven members of the enterprise group selected using a purposive sampling method. The research tools included semi-structured interviews, observation, and group discussion. The results showed that: 1) The context of financial management and accounting practices for the tourism group community enterprises at Ban Bannang Luwa revealed that the administrative structure did not clearly define the roles and responsibilities. The group chairman managed multiple tasks, leading to inefficiencies in operations. 2) Determine the appropriate financial and accounting management practices for the tourism group community enterprises at Ban Bannang Luwa, after restructuring, the division of duties for recording financial documents and accounting improved the clarity and efficiency of the group's numerical information and financial statements.

**Keywords:** Financial Management, Accounting of Enterprises, Tourism

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## Introduction

Over the years, Thailand has faced numerous economic crises, affecting people at all levels, especially those at the grassroots level, who constitute most of the population. Each government era has prioritized solving economic issues at this level to alleviate poverty and improve the quality of life. Initiatives have included the establishment and development of various occupational groups tailored to community aptitudes and wisdom, aimed at fostering income-earning opportunities, enhancing well-being, and promoting self-esteem and community development. These efforts have helped reduce unemployment, create jobs, increase income, and build strong, self-reliant communities. One effective strategy has been the development of community enterprises, which bring together community members to engage in business activities related to production, goods, and services. These enterprises help improve community jobs and income, exemplified by the capital analysis for national development following the COVID-19 pandemic. The 12<sup>th</sup> National Economic and Social Development Plan emphasized balanced human development through three types of capital: economic, social, and natural resources and environmental capital. This approach aimed to build a happy society and connect with the 20-year national strategy, transforming long-term strategies into actionable plans. The 13<sup>th</sup> National Economic and Social Development Plan requires the country to overcome various challenges to achieve stability, prosperity, and sustainability, aligning with the philosophy of the sufficiency economy as outlined in the national strategy. The plan is based on four principles: namely, 1) The philosophy of the sufficiency economy: continuing, maintaining, and building on this development philosophy based on the philosophy of the sufficiency economy, 2) Resilience: to “fall and get up quickly” by focusing on development at three levels, consisting of 1) readiness or “survival” level, 2) adaptation or “sufficiency” level: adapting and transforming to create stability in economic, social, and environmental spheres from the family to the national level, 3) change to be ready for sustainable growth or “sustainable” level: preparing for sustainable growth, 3) Maximizing potential: ensuring opportunities for all to use their potential to create well-being and aiming to pass on good natural resources and the environment to future generations, and 4) Developing the bio-economy, circular economy, and green economy: emphasizing the application of scientific knowledge to create economic added value while maintaining a balance between conservation and utilization of natural resources and biodiversity, and changing production, service, and consumption patterns to reduce environmental impact.

Government policies, the spread of the COVID-19 virus, the economic recession, and political problems in the country have significantly impacted Thailand's overall economy, especially the tourism sector. The decline in sales of goods and services has drastically reduced business income. Many people have less income due to business closures and the resulting unemployment. These factors have inevitably affected revenue management (Ministry of Tourism and Sports, 2020).

Yala Province of Thailand offers a variety of tourist attractions, including religious, cultural, and natural sites. The main tourist areas are in the Mueang and Betong, featuring historical attractions like Wat Kuhaphimuk and the Piyamit Tunnel, cultural attractions such as the Shrine of the City Pillar and Sakai Village, and recreational spots like Kwan Muang Park and the White Elephant Stadium. Eco-tourism attractions include Bannang Luwa Village. During a field visit with the research team, it was found that the tourism group community enterprises at Ban Bannang Luwa generate income from various activities, including parking fees, fun trains, harmony bicycles, spinning boats, launch rowboats, and electric scooters. The group's main income currently comes from the Hansa Railway. However, the group faced several challenges: (1) Ineffective management of work duties, (2) Irregular accounting practices, as the group does not consistently record accounts, and (3) Lack of financial reporting, which

hinders proper financial management and accounting for the tourism group community enterprises at Ban Bannang Luwa.

Therefore, the researcher aims to study the financial management and accounting practices of the tourism group community enterprises at Ban Bannang Luwa. The focus is on creating essential financial and accounting tools suitable for community enterprise groups, ensuring they have sufficient accounting information. This information will be crucial for stakeholders in developing planning strategies and making informed financial and accounting decisions for the group, enabling them to achieve their set goals.

## **Literature Review**

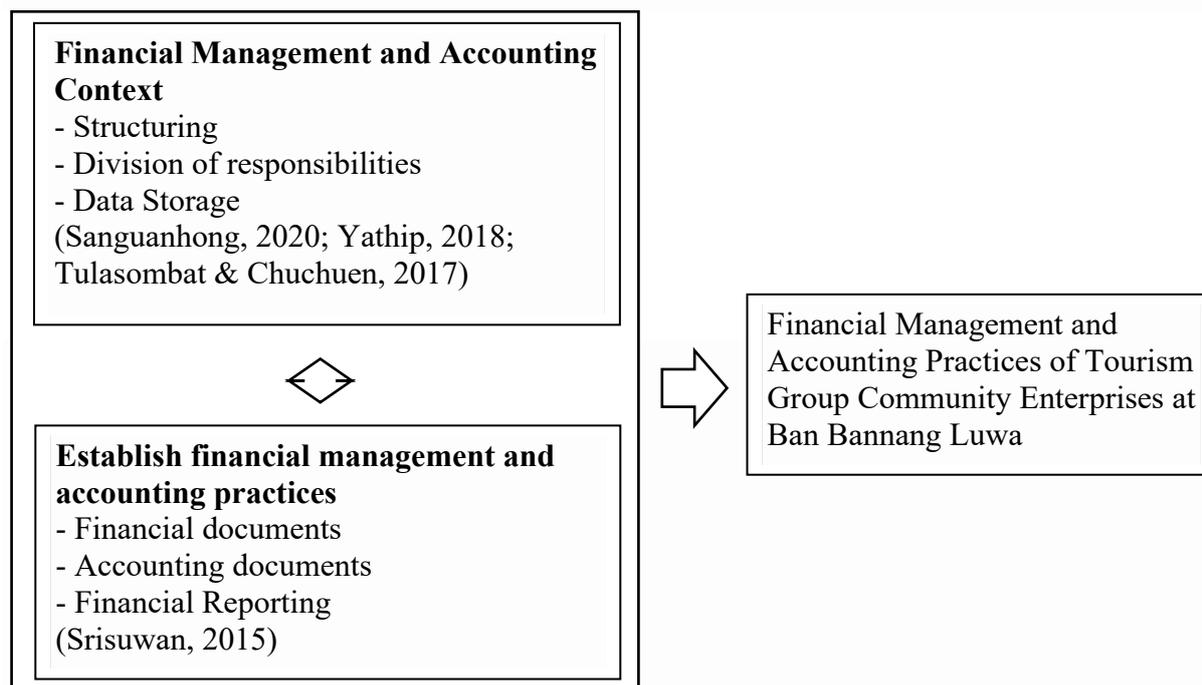
Sanguanhong (2020) studied the impact of financial and accounting management on the performance of financial and accounting personnel in the Ministry of Commerce. Overall, the results were satisfactory. The study found that the processes of receipt, payment, and adherence to regulations and operational guidelines significantly affect the accuracy and completeness of the work. However, the development of technology and the verification of vouchers did not impact on the accuracy and completeness of the certificates. Regarding timely completion, receipt payment, and accounting recording significantly influence the performance of audits. However, technology development, voucher checking, and personnel capability do not affect the efficiency of audit tasks in terms of timely completion. The hypothesis tests were reliable at statistically significant levels of 0.01 and 0.05.

Sudsiri et al. (2020) studied the development of financial planning capacity for community enterprise members in the Northeast. The results showed that most members were married women with primary education or below. They expressed interest in saving and investing but needed more knowledge in financial planning. The main issues identified were factors that hinder effective financial planning, such as income, expenses, and liabilities. The recommended approach to developing financial planning capacity involves supporting community enterprises in various fields to create stable jobs for farmers and supplement their income. Additionally, opportunities for additional activities suitable for community enterprise members should be provided. Financial planning is a critical priority for these members to ensure long-term financial security.

Yathip (2018) studied the development of financial management plans for SMEs to increase their capacity. The researcher examined the financial management methods of entrepreneurs participating in the business plan adjustment project in Phra Nakhon Si Ayutthaya District, using interviews and direct observations as research tools. The study revealed that the five entrepreneurs recorded their activities according to the financial management plan with cost accounting. This resulted in trends such as increased sales, higher profit margins per sale, and increased net profit margins per asset. Entrepreneurs demonstrated responsibility for their operations and maintained financial discipline, which were crucial factors in the success of the business plan adjustment project. By making the most of resources and coordinating effectively, these businesses were able to enhance their capacity.

Tulasombat & Chuchuen (2017) conducted a study on the financial development of a group producing organic processed products in Ban Don Chiang, Mae Taeng District, Chiang Mai Province. The study emphasized the need for financial development to enhance the efficiency of financial management. Their findings highlighted that a robust financial plan facilitates the comparison of financial statements and the effective utilization of financial information in decision-making processes. They recommended integrating financial information with mobile applications to facilitate swift decision-making.

## Research Conceptual Framework



**Figure 1** Research Conceptual Framework

## Research Methodology

Research on Financial Management and Accounting Practices of Tourism Group Community Enterprises at Ban Bannang Luwa, Yala, Thailand is a qualitative study. The research involves the examination of various related documents, including academic documents, research papers, and articles. In-depth interviews and non-participatory observations were conducted to study the case characteristics of the tourism group community enterprises at Ban Bannang Luwa. The key informants were one chairman of the enterprise group and six members of the enterprise group, totaling seven individuals. The research tools used included semi-structured interviews, observations, and group discussions.

The researcher collected data by studying the financial management and accounting requirements in the tourism business. Data collection and analysis were conducted in a correlated manner. Continuous interviews were used to gather new insights, and the data were continuously compared. As the study progressed, new questions about emerging issues were considered, and interviews were adjusted to align with the information obtained from the informants. The procedure is as follows:

Step 1: Study the financial and accounting management context of the tourism group community enterprises at Ban Bannang Luwa. The key informants are the chairman of the enterprise group and six other members, making a total of seven people.

Step 2: Determine the appropriate financial and accounting management guidelines for the tourism group community enterprises at Ban Bannang Luwa. The main informants are the enterprise group and its members in Mueang, Yala, Thailand. A group discussion involving seven people for 50 minutes is conducted to collect information on the appropriate financial and accounting management guidelines for the enterprises. The interview is semi-structured and includes observational techniques.

Data were analyzed using content analysis. The data obtained from storage, organization, analysis, and interpretation are used to evaluate the context and potential of financial and accounting management and to determine the appropriate financial and accounting

management guidelines for community enterprises. For the triangulation audit, which examines three sources - time, place, and person - the data are reviewed at different times to determine consistency. Site inspections are conducted to see if the information remains the same in different locations, and changes in informants are assessed to check for consistency in the information provided.

## Research Results

Research Objective 1 is to study the financial and accounting management context of tourism group community enterprises at Ban Bannang Luwa. The findings on the management context of the group are as follows: 1) There is no defined structure. 2) There is no clear division of responsibilities with most management duties handled by the chairman. 3) Data storage is done in writing but is inconsistent. In terms of financial management, the findings include: (1) There is no forecast of revenue and expenses or operational planning. (2) The group's financial reports are not prepared. (3) There is no provision for working capital within the group; profits are divided after deducting expenses. (4) The financial situation is assessed based on the amount of revenue. (5) The group perceives economic problems and the COVID-19 pandemic as major risks. The context of accounting shows that: 1) Accounting is occasionally done, with intermittent recording of income in a general ledger. There is no systematic collection and storage of documents related to accounting records. 2) The preparer lacks accounting knowledge and experience, leading to incorrect accounting processes and incomplete documentation. 3) A convenient and uncomplicated accounting format is needed, with minimal documentation, stored together with personal documents. An important informant, the chairman and a member of the tourism group community enterprise group at Ban Bannang Luwa, stated:

“...The management of the group's money and accounts is handled by the same person. Most operations are carried out by the chairman alone. Profit sharing is discussed in group meetings, with profits coming from earned money after deducting expenses...” (AE 1, Interviewed on 19 December 2023)

“...I don't see how the profit is expected. In the first month of holding 1,000 baht of shares of the enterprise, at the end of the year, I got my capital back, but I never knew about the amount of revenue, expense, or profits...” (AE 2, Interviewed on December 19, 2023)

“...We have never seen him hold a shareholders' meeting, but in the first year, he made a profit. We never saw any accounting or financial planning, but at the end of the year, he gave us the money. It has been reported that the member's funds are used to repair various rides for community tourism...” (AE 3, Interviewed on December 19, 2023)

“...In the past, our community had a group of people who were addicted to drugs and theft, but when we started tourism, community members came to participate in activities. We had a lot of income from community tourism, especially with the Hansa Railway. We don't know about financial management; it is internal management, and the head of a group of villages manages everything...” (AE 4, Interviewed on December 19, 2023)

“...Actually, I think the community group should have good financial management, otherwise, we wouldn't have received dividends. We invested in Hansa Railway, which is considered cost-effective because, in the past three years, we have received dividends that exceed what we invested...” (AE 5, Interviewed on December 19, 2023)

“...It is a good profit. I have wanted to make a profit like this for a long time. If he gives me more shares, I will add more...” (AE 6, Interviewed on December 19, 2023)

“...The community has good financial management and a clear profit distribution. From talking to shareholders, we have always had good profits, and people come to the community all the time. The profit from investment is more than the interest of the bank...” (AE 7, Interviewed on December 19, 2023)



2) Report on the Group’s Financial Position

**Table 2** Financial Statement Form

<b>Tourism Group Community Enterprise at Ban Bannang Luwa, Mueang District, Yala Province</b>							
As of December 31, 2021x Unit: Baht							
<b>Assets</b>							
Cash					xxx		
Bank Deposits					xxx		
<b>Total Assets</b>						<u>xxx</u>	
<b>Liabilities and Equity</b>							
<b>Debt</b>							
Trade Payables					xxx		
<b>Total Liabilities</b>						<u>xxx</u>	
<b>Owner’s Equity</b>							
Capital						xxx	
<b>Deduct Dividend Payment</b>					(xxx)		
Net Retained Earnings						xxx	
<b>Total Owner’s Equity</b>						<u>xxx</u>	
<b>Total Liabilities and Equity</b>						<u>xxx</u>	

As key informants, the chairman and members of the tourism group community enterprise at Ban Bannang Luwa said:

“...The division of duties and responsibilities of each party is very good. The division of work is clear, and the list provided is easy to see and understand, making financial matters clear...” (AE 1, Interviewed on January 23, 2024)

“...The administrative style for each person’s duties seems systematic, clear, and appropriately divided. Accounting is also easier, allowing us to recognize the group’s revenue immediately...” (AE 3, Interviewed on January 23, 2024)

“...It looks much better than the old system. It is easy to understand, systematic, shows the real income and expenses, and helps us know whether we should save or focus more on the main sources of income...” (AE 4, Interviewed on January 23, 2024)

“...I think it is complicated to use, with many tables, but if you talk about it, it is systematic. You can clearly see the amount of revenue and expenses...” (AE 6, Interviewed on January 23, 2024)

“...The division of duties is clear. When there is a problem, it will be easy to follow up. The system is easy to understand, and you can see more revenue and expenses...” (AE 7, Interviewed on January 23, 2024)

### Conclusion and Discussion

Objective 1: To study the context of financial management and accounting practices. The researcher divided the study into three contexts: group management context, financial management context, and accounting context.

Group Management Context: The findings showed that most groups lack a clear structure and defined responsibilities. There is a chairman of the management group who assumes multiple roles and duties, from coordination and contact to ticket sales and fund management within the group.

Financial Management Context: The findings showed that the community enterprise does not forecast revenue and expenses or create financial plans for the group. No financial reports are

prepared due to a lack of knowledge and methods of preparation. There are no working capital reserves within the group; when necessary, funds must be mobilized from members each time. Members often invest their own money in assessing the financial situation. The community enterprise does not assess its financial position based on revenue, risk analysis, or risk management guidelines. The risks affecting the group include economic and political problems and the COVID-19 pandemic, as the main income comes from tourist attraction services. However, there are no risk management guidelines in place. As a result, the primary income after the pandemic comes from the Hansa Railway service alone, which Yala Municipality brings to Yala City.

**Accounting Context:** The findings showed that accounting is only recorded intermittently, with income occasionally written down in a general book. There is no systematic collection and storage of documents related to accounting records. No financial reports are prepared, and there has been no training in accounting knowledge. The group has never received training in accounting and finance in the required accounting format. The group needs a convenient and uncomplicated accounting scheme with minimal documentation. It was found that document storage is inadequate, with no proper files for storing documents, leading to the mixing of personal and general documents.

After conducting research and restructuring the operation management, the financial and accounting management guidelines became appropriate, systematic, and clear. The operator agreed to use this approach in the management of operations and the preparation of the group's finances and accounting.

The analysis revealed several key findings: (1) Lack of clear administrative structure: Most administrative structures lack clear management and division of responsibilities. The chairman of the management group assumes multiple roles, such as coordinating, liaising, and managing the group's finances. This leads to inefficiencies in the operation of each party. These findings align with the research of Sanguanhong (2020), which studied financial and accounting management affecting the performance of finance and accounting personnel under the Ministry of Commerce. The study found that performance in financial and accounting management, including receipt payment and adherence to regulations and operational guidelines, significantly impacts the accuracy and completeness of operations. The effectiveness of financial and accounting operations depends on strict adherence to these regulations and guidelines. The findings are also consistent with the research of Yathip (2018) and Tulasombat & Chuchuen (2017), which highlighted the importance of dividing responsibilities among all parties and maintaining strict financial discipline. This approach makes accounting and financial operations easier to review and evaluate. Financial planning and control through financial estimation contribute to more systematic financial information, enabling quicker financial decision-making.

**Objective 2:** To determine appropriate financial management and accounting practices. The researcher has established the management structure and financial management and accounting practices for the group by involving the group in the design process and collecting their feedback. This process started with defining the management structure and responsibilities. The design of the account book includes Income-Expenditure Accounts, Income Summary Accounts, Expense Summary Accounts, Financial Position Reports, Payment Documents, and Financial Balance Reports. These tools are designed to make financial management easier for the group and to help group members monitor the group's activities effectively. The researcher also recommended that group members use these tools to ensure proper oversight and transparency in the group's financial operations.

The researcher monitored the operation and recording of financial documents and accounts of the community enterprise groups. The findings revealed that the division of recording duties between the finance department and the accounting department made the work more systematic

and improved the efficiency of the group's financial statements and information. This is in line with Srisuwan (2015), who found that accounting information is beneficial to executives. It helps in formulating policies, planning, and making management decisions effectively. Additionally, recorded accounting information can help check for operational errors. A well-structured accounting and financial system enable the group to see real profits, recognize revenue and expenses incurred, clearly divide work functions, reduce unnecessary costs, manage operations more effectively, and prepare accurate financial statements. The simplicity of the accounting and finance system allows the group to share and transfer their practices to a network of nearby community enterprises, enhancing overall community enterprise financial management.

#### **Recommendations from the Research**

The Tourism Group Community Enterprise at Ban Bannang Luwa should have a clear division of responsibilities for decision-making and continuous control of the financial and accounting systems. Financial and accounting documents must be prepared at every stage to ensure the completeness and accuracy of the records.

#### **Recommendations for Future Research**

It develops financial and accounting systems using ready-made computerized programs. This will help us to prepare accurate financial documents and accounts more conveniently and quickly.

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