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**AN ANALYSIS OF ACCOUNTING RISK FOR EXECUTIVE DECISION MAKING
OF LISTED COMPANIES IN THE STOCK EXCHANGE OF THAILAND**



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ABSTRACT

This research aims to analyze the accounting risk factors for executive decision making of listed companies in the Stock Exchange of Thailand, to study the influence of accounting risk factors and to develop accounting risk models. This research is a survey research which is mixed method of both qualitative and quantitative. The data will be collecting from the sample group who work as an accounting practitioner of listed companies in the Stock Exchange of Thailand (SET). The tools to be used in the research are the accounting risk analysis questionnaire for the decision of the management of listed companies in the Stock Exchange of Thailand which has been validated for content validity. The researchers used the system theory of Ludwig Von Bertalanffy in 1968, which consisted of three parts of Input-Process-Output. Further to the literature review, it was found that the factors that affect the analysis of accounting risk are 3 factors: 1.The audit risk, which found that there are 3 components; Inherent risk, Control Risk, Detection Risk: 2.Corporate governance, which found that there are 6 components; Accountability, Responsibility, Equitable Treatment, Transparency, Vision to Create Long-Term Value, Ethics: 3.Accounting anomalies, which found that there are 3 components; Irregularities in source of documents, Faulty journal entries, Inaccuracies in ledger.

KEYWORDS

Audit Risk, Corporate Governance, Accounting Anomalies, Accounting Risk Analysis, Decision, Firm Performance

INTRODUCTION

The Stock Exchange of Thailand was established in accordance with the Stock Exchange of Thailand Act, 1974, with the objective of providing a central source for securities trading in order to promote savings and funding within the country. Followed by amendments to the provisions regarding income in order to be able to bring savings to invest in the capital market in 1975. Different legal forms have been completely modified and officially traded on April 30, 1975 (Stock Exchange of Thailand, 2010). The Stock Exchange of Thailand has a role to help develop the economy of Thailand and also a central source of funding from investors both short and long term. The investment is an indicator of the country's economic conditions. If there is a lot of investment, the economy will be streamlined, resulting in increased productivity, and employment. But if, there is a small investment, the economy is sluggish, low productivity, and unemployment. Therefore, investment requires capital and savings in the financial market, ie Money Market and Capital Market.

Accounting risk analysis of the organization is beneficial to an executive, helping to make effective executive decisions. Financial reporting is in accordance with the standard set, which enabling the disclosure of financial reports of the company to be trusted and confided, being a tool for helping to prevent fraud and causing of the quality of financial reports, and enhancing the value of financial accounting information about reliability, transparency, justice, credibility. Moreover, it is helping investors not make wrong decisions, beneficially to stakeholders, and confidence in investment. It is also a development of good corporate governance of listed companies in the Stock Exchange of Thailand.

OBJECTIVES

An objective of accounting risk analysis for the decision of the company executives in the Stock Exchange of Thailand are as follows.

1. To analyze accounting risk factors for executive decision
2. To study the influence of accounting risk factors
3. To develop accounting risk models for decision making

RESEARCH HYPOTHESIS

Hypothesis of research accounting risk analysis for decision making of executive of listed company in the stock exchange of Thailand define assumptions based on the conceptual framework of research as follows.

Hypothesis 1: Audit risk influences analysis of accounting risk.

Hypothesis 2: Corporate governance influences analysis of accounting risk.

Hypothesis 3: Accounting anomalies direct influences analysis of accounting risk.

Hypothesis 4: Audit risk influences decision making of executive and firm performance.

Hypothesis 5: Corporate governance influences decision making of executive and firm performance.

Hypothesis 6: Accounting anomalies influences decision making of executive and firm performance.

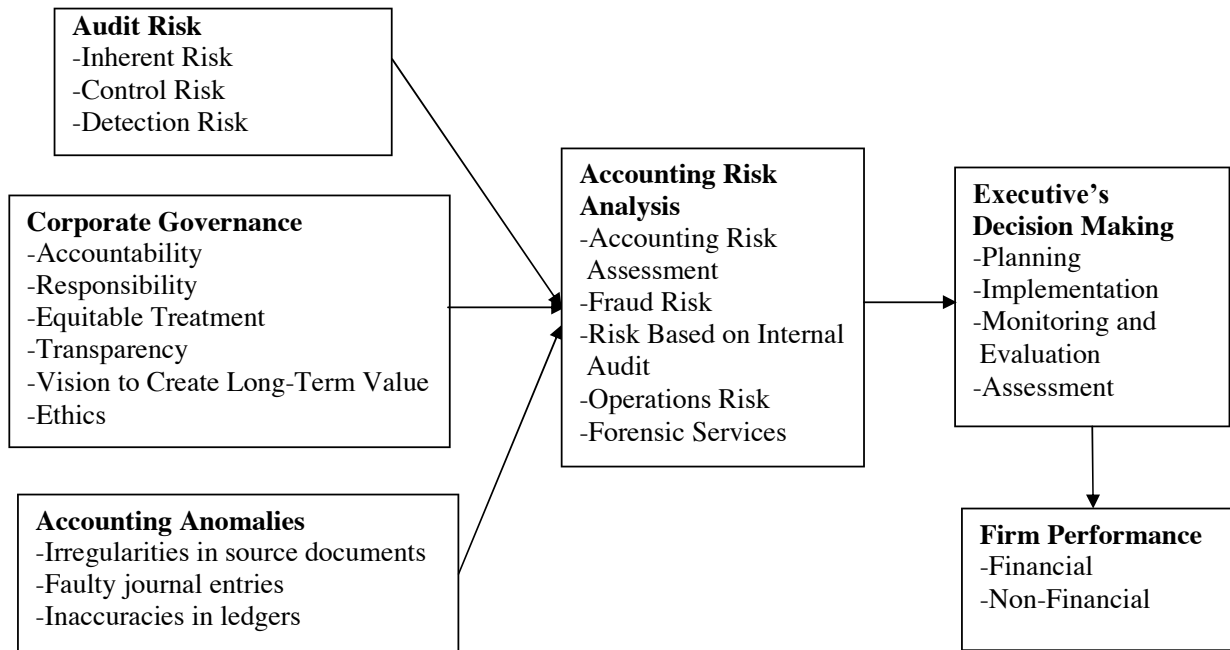
Hypothesis 7: Accounting risk analysis influences decision making of executive and firm performance.

CONCEPT OF RESEARCH

Conceptual framework for research; on Accounting risk analysis for executive decisions of listed companies in the Stock Exchange of Thailand. The researcher reviewed the research literature from abroad and in the country, studied the concept relevant theories based on research objectives to develop into a conceptual framework of research which found that factors influencing or affecting accounting risk analysis for decision making consisted of 3 factors. According to research of Cullen et al., 2018, Farber, Huang, & Mauldin, 2018, Wilbanks et al., 2017, Burnett, Chen, & Gunny, 2018, Debreceeny, Rahman, & Tawei, 2017, Nolder & Palmrose, 2018, Maksymov, Nelson, & Kinney, 2018, Gonzalez & Hoffman, 2018) an Audit risk variable found that it can be measured by 3 variables: 1. Inherent risk 2. Control risk 3. Detection risk. According to research of (Beaussier, Demeritt, Griffiths, & Rothstein, 2016), (Frank et al., 2018), (Wilbanks, Hermanson, & Sharma, 2017), (Quéré, Nouyrigat, & Baker, 2018), (Dah & Jizi, 2018), (El Ghoul, Guedhami, Kim, & Park, 2018) a Corporate governance variable found that it can be measured by 6 variables: 1. Accountability 2. Responsibility 3. Equitable treatment 4. Transparency 5. Vision to Create Long-Term Value 6. Ethics. According to research of (BebeşElea, 2016), (Frank, Lynch, Rego, & Zhao, 2018), (Cullen, Gasbarro, Monroe, Shailer, & Zhang, 2018), (Aris, Othman, Bukhori, Arif, & Malek, 2017) an Accounting anomalies variable found that it can be measured by 3 variables: 1. Irregularities in source of documents 2. Faulty journal entries 3. Inaccuracies in ledger.

According to a literature review. The researcher has created a conceptual framework of research which consists of 5 latent variables as below:

CONCEPTUAL FRAMEWORK



EXPECTED BENEFITS

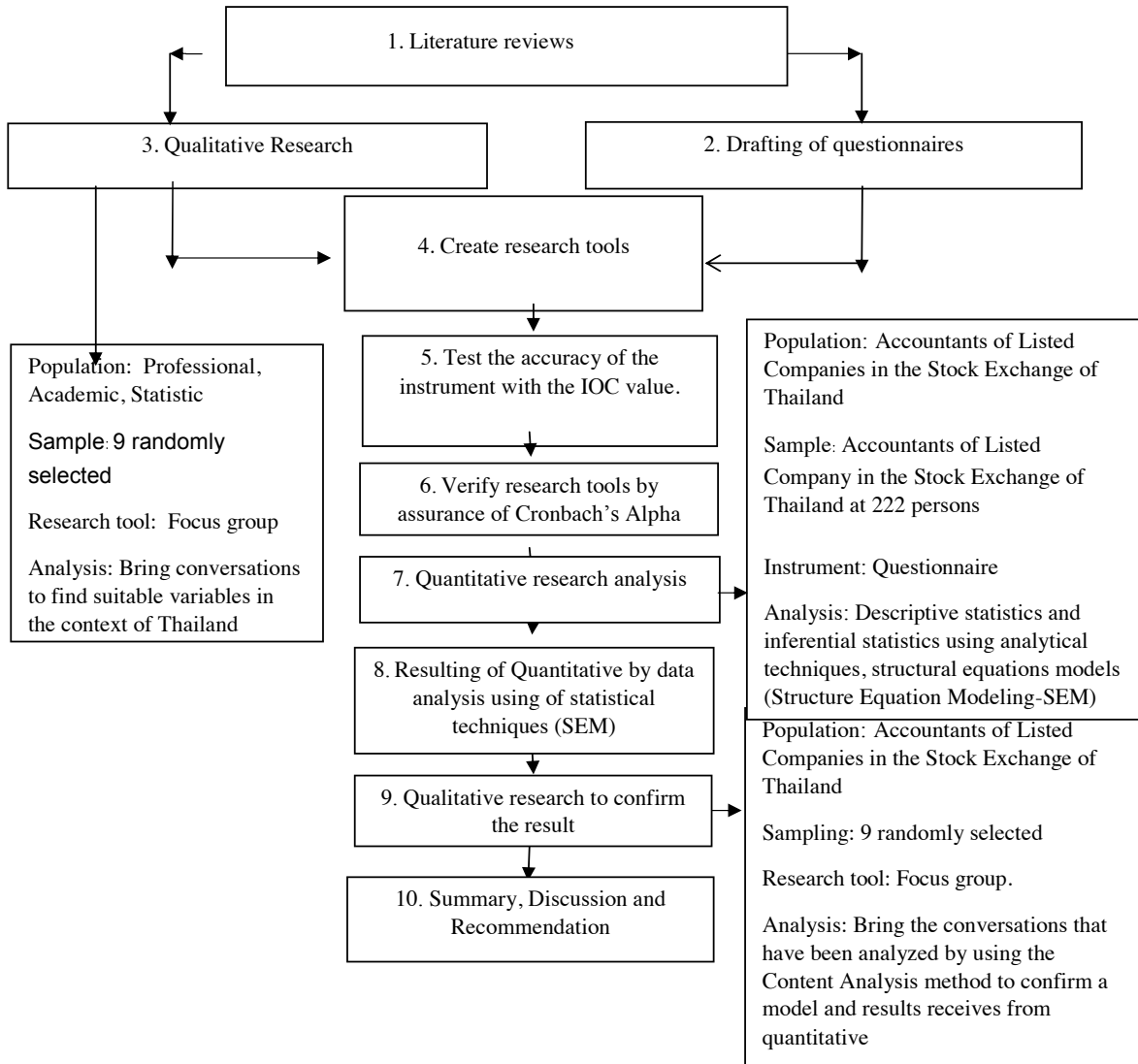
Accounting risk analysis, Audit risk, Corporate governance and Accounting anomalies are not only benefit the decisions of an executives of the organization but also the factors derived from accounting risk analysis can be used in all types of good risk management within the organization. By allowing people in the organization with relevant duties to participate in appropriate planning, prevention and control to reduce problems that might be caused damage to the organization

- Academic benefits: To increase education knowledge in related subjects
- Professional benefits: Useful for all professional accountant to utilizing of accounting risk factors to set up policies and procedures to ensure reliable accounting information. Moreover, it is useful for risk management professionals that can use to indicate risk events, risk assessment and risk management. In term of corporate executives can be used to make administrative decisions and manage business risks efficiently as well as beneficial to Stakeholder

RESEARCH METHODOLOGY

Research topic: An analysis of accounting risk for executive decision making of listed company in the stock exchange of Thailand. This research is a survey research which is a mixed research which surveyed the opinions of accountants of listed companies in the Stock Exchange of Thailand. SET by creating Structural Equation Modeling (SEM). Which is a statistical technique, one technique used to test causal relations, so that this research can achieve the objectives set in order to fully answer the research questions, which the researcher will design the research Both qualitative research and quantitative research by applying primary data obtained from the interview form and the questionnaire, tested with the theoretical model obtained from the literature review to obtain the findings and important issues in accounting risk analysis for the decision of the management of listed companies in the Stock Exchange of Thailand. To be a guideline for creating a good model for accounting professionals. The data will be collected from the interview form and questionnaires from personnel performing accounting functions of listed companies in the Stock Exchange of Thailand.

STEP OF RESEARCH PROCESS



Source: Vichit U-on (2008)

STEP OF RESEARCH FOR FURTHER PROCESS

An analysis of the relationship between Accounting risk analysis and development of accounting risk models
There are 10 steps to conduct research as follows.

Step 1: Study various concepts, theories and literature review where relating to information from Secondary Sources. To study, search from books, texts, journals, research papers and electronic documents both domestically and internationally in order to enable the researcher to gain basic knowledge in research and develop and define the conceptual framework of the research, with a literature review to find relevant variables from the online database of Sripatum University, such as the EBSCO Emerald database ProQuest, which is an academic article that focuses on research results from scholars around the world To be used to define the conceptual framework of research The researcher used the System Theory as a basis of modelling.

Step 2: Drafting the research questionnaire. The researcher will draft the research questionnaire from the study of the concepts, theories and review of various literature obtained from secondary sources according to the content of the conceptual framework which consists of questions in the questionnaire and variables are as follows: Audit risk, Corporate governance, Accounting anomalies, Accounting risk analysis, Executive's decision making and Firm Performance which can be defined as a complete concept framework.

Step 3: Study of qualitative research at 1st time with focus group by 9 experts, 3 academics, 3 professionals, 3 statistics for bringing results from group discussion, analysis of model development, achievement, model development, accounting risk analysis of listed companies in the Stock Exchange of Thailand. In order to confirm the variables and factors that have been studied that are appropriate and consistent in the context of Thailand and the results were analysed for a variable structure model to create a questionnaire in quantitative research studies.

Step 4: Apply the results from group discussions in the preparation of qualitative research data to analyse, create and develop achievement models, accounting risk analysis of listed companies in the Stock Exchange of Thailand. In order to confirm in the conceptual framework and development of various forms that were studied by applying the results to analyse as a variable structure model to create a questionnaire in the quantitative study.

Step 5: Testing the accuracy of the tools used in the research. The researcher will create a questionnaire from the synthesis and development of questions from the relevant literature review. As for the quality of the research tool, the researcher has tested for the Validity by sending of a questionnaire to the experts and thesis advisors conducting quality checking on content accuracy with 9 experts where consist of 3 scholars, 3 professionals, 3 statistics in order to find an Index of Item Objective Congruence (IOC) between questions and attributes based on the objectives of the research that need to measure the criteria used to judge the consistency individually. The questions that have an IOC value of not less than 0.5 are applicable for using.

Step 6: Testing for Reliability. The researcher will proceed by measuring confidence or internal consistency with the Cronbach's Alpha Coefficient by applying the questionnaire that has been modified according to the expert's advice to experiment with 30 accountants which is not a sample of research by selecting questions that have the value α from 0.70 and above can be considered that the questions are reliability (Vichit U-On, 2011).

Step 7: Quantitative analysis, in this step, is conducted in the form of Survey Research, with questionnaires collected from professional accountants of listed company on the Stock Exchange of Thailand.

Determining the size of this sample using Yamane's formula (1967) (Vichit U-On, 2011)

$$\text{Formula} \quad n = \frac{N}{1 + NE^2}$$

Determined

n is the size or number of the sample group

N is the size or population of all members

e is the probability of error (0.05)

Step 8: Data analysis using statistical techniques that are descriptive statistics and inferential statistics by evaluating the measurement model to check the reliability of variables and to examine the linear structural relationships and Structural Equation Modeling: SEM. When performing the collection and already collected data. The researcher will determine the appropriate statistics and compliance with statistical data in order to answer the research objectives that have been set

Step 9: To apply the results from quantitative analysis come to conclude as a statistical model and conducting the focus group research in order to confirm the model that discovered and use to participate in the discussion

Population: accountants of listed companies in the Stock Exchange of Thailand

Sample group: 9 randomly selected

Research tools: focus group

Analysis: to bring the conversations that have been got from analyzing by using of the content analysis method, and set the system to confirm the results from quantitative.

Step 10: Summarizes the results, discussions the results and recommendations of research as step-by-step system. The researcher will summarize and be able to explain important content with coverage Objectives of the study of research questions and from the research hypothesis that the researcher has determined in accordance with scientific and social science research principles

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Sripatum University, Thailand

Sripatum University is one of the oldest and most prestigious private universities in Bangkok, Thailand. Dr. Sook Pookayaporn established the university in 1970 under the name of "Thai Suriya College" in order to create opportunities for Thai youths to develop their potential. In 1987, the college was promoted to university status by the Ministry of University Affairs, and has since been known as Sripatum University. "Sripatum" means the "Source of Knowledge Blooming Like a Lotus" and was graciously conferred on the college by Her Royal Highness, the late Princess Mother Srinagarindra (Somdet Phra Srinagarindra Baromarajajanan). She presided over the official opening ceremony of SPU and awarded vocational certificates to the first three graduating classes. Sripatum University is therefore one of the first five private universities of Thailand. The university's main goal is to create well-rounded students who can develop themselves to their chosen fields of study and to instill students with correct attitudes towards education so that they are enthusiastic in their pursuit of knowledge and self-development. This will provide students with a firm foundation for the future after graduation. The university's philosophy is "Education develops human resources who enrich the nation" which focuses on characteristics of Wisdom, Skills, Cheerfulness and Morality.

University of Greenwich, United Kingdom

The University of Greenwich is a British university with campuses in south-east London and north Kent. These include the Greenwich Campus, located in the grounds of the Old Royal Naval College in the Royal Borough of Greenwich, London, England. It is the largest university in London by student numbers and the greenest in the UK as assessed by The People & Planet Green League. The university's wide range of subjects includes architecture, business, computing, education, engineering, humanities, natural sciences, pharmacy and social sciences. It has a strong research focus and well-established links to the scientific community.

Lincoln University, New Zealand

Lincoln is New Zealand's third oldest university. Founded in 1878 as a School of Agriculture, the organisation was linked to Canterbury College, welcoming its first intake of students in 1880. In 1896, with agriculture now well established as the mainstay of New Zealand's exports, the School of Agriculture separated from Canterbury College and became Canterbury Agricultural College, with its own governing body and the ability to award degrees through the University of New Zealand. In 1961, the university was officially renamed Lincoln College, becoming a constituent college of the University of Canterbury. In 1990 Lincoln University formally separated from the University of Canterbury and became the self-governing national university that it is today.

Moscow State University, Russia

Moscow State University (MSU) is a coeducational and public research university located in Moscow, Russia. It was founded on 23 January [O.S. 12 January] 1755 by Mikhail Lomonosov. MSU was renamed after Lomonosov in 1940 and was then known as Lomonosov University. It also houses the tallest educational building in the world. Its current rector is Viktor Sadovnichiy. According to the 2018 QS World University Rankings, it is the highest-ranking Russian educational institution and is widely considered the most prestigious university in the former Soviet Union.

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