

# Strategic Management Accounting on Competitive Advantage

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## ABSTRACT

This study investigates the effect of business strategy on strategic management accounting (SMA) and its indirect effect on the competitive advantage of the rice export business in Thailand. A total of 215 major rice export businesses in Thailand in 2022 are chosen as the sample population, and data are collected. The results of the structural equation model (SEM) of the analysis model are found using an index that examines the absolute quality-of-fit measure. Additionally, the results of ordinary least squares (OLS) regression analysis, path coefficients, and hypothesis testing show that business strategy positively affects SMA. In addition, SMA plays a positive and significant role in competitive advantage. As for the theoretical contribution, conceptual SMA is explained by a resource-based view that focuses on resources influence on sustainable performance through competitive advantage. It is hoped that the present study will contribute significantly to the managerial contribution of rice export businesses, as SMA could support organizations in creating a competitive advantage.

## KEYWORDS

Big Data Analytics, Business Strategy, Competitive Advantage, Strategic Management Accounting

## 1. INTRODUCTION

Thailand has been a renowned agricultural country for a long time. More than half of the country's population is employed in agriculture. Consequently, Thailand's agricultural industry is critical to the economy and society, as it is a major source of national revenue. Rice is not only a staple diet for Thai people but also an important export crop for Thailand, which is now the world's fastest-growing rice producer and the epicenter of rice research (Thai Rice Exporters Association, 2022). Thailand exported abundant rice in one year, earning hundreds of billions of baht in revenue. Thai rice exports include paddy, jasmine, non-glutinous rice, and sticky rice. During 2019–2021, Thai rice production expanded slightly because of attractive prices, causing farmers to expand their planted area and add more planting cycles, even under drought conditions that could reduce production in 2019. Export volumes were likely to decline at the end of this period. The trading partners demand that the discharge of old rice in the government's stockpile should be accelerated while the export price is still reasonable because of the high quality of exported Thai rice. However, global rice stocks

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continue to increase because of export price support. Overall, the rice export value is expected to increase (Sowcharoensuk, 2019). However, from January to June 2020, compared to the previous year (January–June 2019), rice exports totaled 2,885,536 tons, a decrease of -33.78% from 2019, or US\$1,963.05 million, a decrease of -14.10% from 2019. Thailand's main competitors in rice exports are Vietnam, the United States, and Australia (Ministry of Commerce, 2021).

Thailand's agricultural sector is highly competitive, and the manufacturing sector mainly drives its economy for exports. Therefore, exports play an important role in generating income. However, the political, economic, and business management mechanisms related to the rice trade in Thailand are complicated. Thai rice exports also face natural disasters such as frequent droughts and increasing global rice production, with competing countries developing better rice varieties. This causes Thailand to lose more share in the world rice market, while its main competitors, Vietnam and India, can still maintain or increase their export market share. In 2020, Thailand's rice exports dropped by 25% compared to the previous year, whereas Vietnam's rice exports decreased by only 2%. Despite banning rice exports from maintaining the domestic rice supply during the COVID-19 pandemic, India increased its exports by more than 40% owing to higher yields. This reduced the competitiveness of Thai rice in the world market; Thai rice exports fell from No. 1 to No. 3. Wangvanichpan et al. (2016) discussed the major problem of Thai rice losing market share due to low productivity and high costs, making it unable to compete on price. In addition, exporters focus on short-term price competition. However, competitors have improved rice quality and production, causing Thailand's advantages to decline.

Putthasiri's (2015) determinants of paddy rice prices in Thailand examine the factors affecting the price of rice. The study found that variables such as the consumer price index, rice export volume, and rice yield correlated in the same direction as with prices of jasmine rice in Thailand, and independent variables such as gross domestic product (GDP), the exchange rate of dong per US dollar, the exchange rate of baht against the US dollar, interest rates, money market rates, and the amount of money in the economy correlated with the price of paddy rice in the opposite direction. In addition, Jinfeng and Chamboon (2017) studied the factors affecting the quantity of Thai rice exported to China during 2007–2017. It was found that the factors affecting the quantity of Thai rice exports to China were population, rice export prices of Thailand and competitor countries (Vietnam), and the marketing strategies of Thai entrepreneurs exporting Thai Hom Mali Rice to Hong Kong. Paosoong and Polsarum's (2018) results showed that price strategy was crucial in driving Hong Kong's importers' decision to import Thai Hom Mali Rice. The pricing strategy is flexible and can be determined in various ways, including pricing revenue, sales volume, and image. However, for Thai rice exports to compete in the long term and stand up as a market leader, the "rice export" business must create a long-term competitive advantage through accounting strategies in addition to the factors mentioned above and marketing strategies.

Strategic management accounting uses management accounting information to analyze business and competition to develop and monitor business strategies. Strategic Management Accounting assists in the management of accounting, which defines the strategic direction of an organization to be used as input for decision-making and control and is critical to business operations. As businesses face an increasingly competitive environment, it is imperative to obtain useful, appropriate, and timely internal and external information for management decision-making (Guilding et al., 2012). The management process of strategic theories executives is important in being used as a tool to create competitive advantages. The study of strategic management accounting is critical because, in today's world, a decisive approach is increasingly being added to the classic view of management accounting as a technical method for calculating expenses (Duçi, 2021). Strategic management accounting approaches are both outward- and forward-looking. They usually span numerous periods and are involved in all stages of strategic decision-making (Cencon, 2019). This study focuses on strategic management accounting (SMA) in creating both financial and non-financial information for executives of Thai rice-exporting companies to use in planning, controlling, decision-making, policy-making, assessment,

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