

Training Needs Analysis and Course Design for Financial and Tax Management: Evidence from Chinese SME Owners in Thailand

Zhouyi Zhai

Department of Accountancy

Martin De Tours School Of Management and Economics

Assumption University

zhaizhouyi@au.edu

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ABSTRACT

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This study investigates the training needs for financial and tax management among Chinese small and medium-sized enterprise (SME) owners operating in Thailand. Through a mixed-methods approach combining questionnaire surveys from 40 Chinese SME entrepreneurs and semi-structured interviews with 10 selected participants, the research identifies critical areas requiring training support. The findings show that bank credit knowledge ranks as the highest training need (mean score 4.52), followed by financial management (4.14), VAT declaration and management (3.54), and corporate income tax (3.50). The study highlights specific challenges faced by Chinese SME owners in Thailand, including language and cultural barriers in bank communications, difficulties in accessing financing, and limitations of financial outsourcing services. Based on these findings, a comprehensive training program was designed, comprising three core modules: bank credit practice, financial management, and tax management practice. This research contributes to understanding the unique financial and tax management training needs of foreign SME owners operating in Thailand and provides practical implications for developing targeted training programs to enhance their business competencies.

Keywords: Chinese SME, Training needs analysis, Training program design, Financial outsourcing

Introduction

With the in-depth implementation of China's One Road One Belt policy, China and Thailand have continued to engage in deeper economic cooperation in recent years. At the same time, both countries have further loosened the visa restrictions for people from both countries to visit each other, which

promotes the exchange and cooperation between the peoples of two countries. Bilateral trade between China and Thailand is also booming. 2023 China-Thailand trade totaled 126.3 billion U.S. dollars; Chinese companies invested 4.6 billion U.S. dollars in Thailand, an increase of 109% year-on-year (Ministry of commerce People's republic of China, 2024). Although Chinese investment in Thailand is growing, there are few studies on Chinese companies which invest in Thailand, especially on SMEs. In Thailand, more than 95% of Thai firms are SMEs and contribute more than 35% of Thailand's total GDP, making Thai SMEs an important part of the Thai economy (Asian Development Bank (ADB), 2023). For Chinese SMEs in Thailand, the financial and tax environments they face in the early stages of business are completely different from those in China. In order to help improve financial and tax management competence for Chinese SMEs in Thailand, this paper conducts a questionnaire and an in-depth interview with Chinese SME entrepreneurs in Thailand to conduct and analysis their training needs of financial and tax management, then provide the training course design.

Literature Review

1. Definition of SMEs

According to Asian Development Bank (ADB), Thailand defines SMEs as businesses with annual revenue less than 1 million baht and no more than 50 employees.

Figure 1 shows the statistical caliber of SMEs in Thailand after 2019

Sector	Item	Micro	Small	Medium
Manufacturing	Employees	1-5	6-50	51-200
	Revenue	B1.8 million and less	More than B1.8 million and less than or equal to B100 million	More than B100 million and less than B500 million
Services and Trading	Employees	1-5	6-30	31-100
	Revenue	B1.8 million and less	More than B1.8 million and less than or equal to B50 million	More than B50 million and less than B300 million

Source: <https://data.adb.org/media/11916/download>

2. Related research

2.1 Financial management issues faced by SMEs

There is one of the critical issues for SMEs, which is lack of gain the sufficient finance from capital markets, both on debt and equity market (Magambo, E. F., 2024). Although, SMEs have access to finance from both debt and equity markets, some studies have shown that SMEs have limited channels to gain financial resource (Magambo, E. F., 2024). This is partly due to the lower survival rates of SMEs firms, insufficient collateral, as well as lack of credit history and insufficient history of firms' financial records (Magambo, E. F., 2024). This in turn often results in, SMEs, having high financing costs compared to large or state-owned enterprises (Shi, Y. ,2024). Thailand's SMEs are facing a similar issue. Since 2020, SMEs loans to total loans outstanding in Thailand has been declining. After Covid-19, loan application criteria for SMEs became more stringent, which made it difficult for SMEs to obtain the necessary fund for recovery. At the same time, if SMEs want to obtain relatively low interest rates, SMEs are asked to provide more financial documents, which further exacerbates the difficulties to gain financial resource of SMEs from loans as well as increasing the cost of financing (Thai Office of Small

and Medium Enterprises Office Promotion (OSMEP), 2023).

Financial management is crucial for the success of SMEs (Zada, M., Yukun, C., & Zada, S., 2021). The good competence on financial management not only improve SMEs ability of financing, and ensure SMEs effectively allocate and use the funds to achieve their business goal (García- Teruel and Martínez-Solano 2007). There are several issues in financial management of SMEs. The business and household finances are still mixed, such as use of company accounts for personal expenses; and the poor quality of accounting information recording (Agustin, H., Halimahtussakdiah, H., & Hasan, H., 2023). The lack of the good quality of accounting information could also have negative impact on the ability to access finance (Ikem, O. C., Chidi, O. F., & Titus, I. T., 2021). Inadequate financial management systems in SMEs due to limitations in the size of the organization, resulting in higher financial risk (Yu, 2024). Financial management requires professional financial literacy, but most SMEs are private family enterprises with small operation scale, some managers are limited by their own knowledge level and market competition pressure, it is difficult to have a full understanding of the importance of financial management and enough attention. As a result, it lacks financial management objectives and motivation for management change, and has relatively low requirements for its own financial management (Yu, 2024).

As the limitation of ability and resource of SMEs above, SMEs may outsource their financial function to the third party, such as accountant firm. By using outsourcing accounting service, SMEs can be benefit from professional competence, and save their costs more effectively and efficiently (Xie Huaying., 2018). However, it also drives some changes on the risk of financial management, which could create new issue for SMEs (Xie Huaying., 2018). The risks include, information asymmetry, loss of competitive advantage, and the risk of decision failures (Xie Huaying., 2018).

2.2 Tax management issues face by SMEs

While each country's tax system is unique, for most SEMs entrepreneurs, the tax system tends to be complex. Also for most SMEs, it is mostly difficult for them to understand the mechanisms of Value Added Tax (VAT) and Corporate Income Tax (CIT), and there is often a lack of education and training in this area in the government sector (Zhao, H. M., & Li, Y. T., 2017).

Different countries have different tax benefits as well as tax incentives for SMEs, but the fact of the matter is that SMEs still bear relatively heavy tax burdens, and due to the weak profitability of SMEs, excessive tax burdens can lead to a decline in the profitability of SMEs and prevent them from surviving in the market (Han, M. Y. 2018). Meanwhile, due to the tax incentive policy there are many problems such as complicated tax rate calculation and cumbersome implementation procedures for enterprises, which leads that SMEs give up to enjoy the benefits (Han Mengyu, 2018). The Thai government provides certain tax incentives and benefits to SMEs, especially to start-up SMEs, and the policy benefits eight industries including tourism, service and creative economy, food and agriculture, and IT (Wisuttisak, P., 2020). However, the actual implementation of related policy often falls short, leading to continued financial strain and taxation burdens on SMEs (Seubjakdee, S., 2023).

For SMEs firms, especially startups, in addition to the external factors mentioned above, also suffer

from the entrepreneurs' insufficient understanding of tax planning awareness, lack of knowledge of tax incentives, and over-reliance on external accountants (Zhao, H. M., & Li, Y. T., 2017)

The financial and tax management skills of SMEs owners play an important role in the success of companies, especially start-ups (Jindrichovska, 2013). Research has shown that business owners with good financial management skills are more likely to lead their businesses through the difficult early stages of entrepreneurship (Jindrichovska, 2013). Existing research on the financial and tax management capabilities of SMEs owners focuses mostly on domestic companies but not on the group of Chinese SMEs owners operating in Thailand. In a country like Thailand, which has a unique business environment and cultural characteristics, the training programme should meet both local realities and the needs of Chinese business owners. Most of the existing training focuses on professional financial employee and lacks in-depth investigation and systematic analysis of the training needs of business owners.

This paper chooses the owners of Chinese SMEs in Thailand as the research object, use a combination of questionnaires and in-depth interviews, systematically explores the characteristics of their financial and tax management training needs, and carries out the localized course design on this basis, with a view to providing practical guidance for enhancing the operation and management level of Chinese SMEs in Thailand.

Methodology

This paper uses a questionnaire to collect data from 40 Chinese entrepreneurs of SMEs who have started or are about to start a business in Thailand and conducts targeted semi-structured interviews with five of these Chinese entrepreneurs of SMEs and uses open-ended questions to allow the participants to fully express their ideas.

Sampling technique

Purposive sampling technique was used in this study. Purposive sampling technique can align with the methodology, objective and purpose of the study (Campbell, S et al., 2020). This study aims to examine the financial and tax dilemmas of Chinese SMEs investing in Thailand, and the sample only selected from Chinese SMEs with such needs.

Questionnaire design and semi-structured interviews

Since the sample are Chinese, the original questionnaire and semi-structured interviews were in Chinese, which were later translated into English by the authors. All those data were verified by another Chinese-English expert named Xi Yihan, who is the English lecture of Wuchang University of Technology, China.

Data collection

This study issued a questionnaire to a total of 40 Chinese SMEs entrepreneurs investing or about to invest in Thailand and obtained results to be analyzed. Ten entrepreneurs were also selected for semi-structured interviews, aiming to obtain more comprehensive understanding of the data from the questionnaire as well as providing direction for the design of course.

Data Analysis

There are 40 questionnaires has been analyzed. 10 entrepreneurs have been selected to conduct individual interview. The interview contents were record and analyzed by the researcher. The main points of analysis and research are as follows:

1. The training needs of SMEs entrepreneur for financial and tax management. By analysis the results of questionnaires, the training needs in five dimensions, Knowledge of bank credit, Financial management, Value-added tax (VAT) declaration and management, Corporate income tax and BOI investment policy, and develop the framework of course. The capacity and length of the course content are arranged according to the level of demand.

2. Reasons for generating training needs. According to the characteristics of the results of the questionnaire, design semi-structured interview questions. Through interviews, understand the real difficulties of SMEs entrepreneurs in financial and tax management and the reasons for them. The information would be used in case study which could provide solution for company.

Analysis of questionnaires Results

1. Basic Characteristics of the Sample

A total of 40 valid questionnaires were collected for this study and the basic characteristics of the sample are as follows:

The sample covered major commercial cities in Thailand, with 42.5% (17) in Bangkok, 32.5% (13) in Pattaya, 17.5% (7) in Chiang Mai, and 7.5% (3) in multiple locations. Three of the sample cover multiple business cities, Bangkok and Pattaya, Bangkok and Chiang Mai, and Bangkok and Phuket. The industry is dominated by the service sector at 47.5% (19), e-commerce retail at 35% (14), food and beverage at 10% (4), and manufacturing at 7.5% (3). The service sector includes education, tourism, fitness and beauty. Most of the companies are in the growth stage, with 62.5% (25 companies) in the 1-3 year period, 22.5% (9 companies) in the 3-5 year period, 12.5% (5 companies) in the 5-10 year period, and 2.5% (1 company) in the less than 1 year period. The size of enterprises was divided according to the number of employees, with 30% with 5 or fewer employees (12), 20% with 6-10 employees (8), 25% with 11-20 employees (10) and 25% with 21-50 employees (10).

2. Training Needs Analysis and Findings

2.1 Overall Needs Assessment

The statistical results of the needs scores are measured by using 5 Likert scale (1-5, which 1 is lowest training need and 5 is the highest training needs score). The demand for each training module is represented by the mean score and ranked from high to low. For the five main training modules show the training needs average score that:

Table 1 Level of training needs

Range of Mean Score	Meaning of the training needs level
4.20-5.00	Highest
3.40-4.19	High
2.60-3.39	Moderate
1.80-2.59	Low
1.00-1.79	Lowest

Table 2 Mean score and rank

Training modules	Mean scores	Rank	Needs level
Knowledge of bank credit	4.52	1	Highest
Financial management	4.14	2	High
Value-added tax (VAT) declaration and management	3.54	3	High
Corporate income tax	3.5	4	High
BOI investment policy	2.13	5	Low

2.2 Key Findings

Bank credit knowledge received the highest mean score (4.52). Indicating that SMEs financing needs are high, all start-up SMEs (26 firms that are established less than 1 year or 1-3 years). This also reflects the difficulties of financing faced by SMEs in general. In the interviews, SMEs entrepreneurs shared their experiences on the difficulty of application bank loan as reasons for the high demand for bank credit knowledge. The issues include different material requirements from different banks, unfamiliarity with or lack of knowledge of what is wrong with the prepared materials, high cost and inefficiency in communicating with the banks, and lack of familiarity with the features of the bank's credit products.

The following is a response from an SMEs interview about bank credit.

'I tried loan services from different banks during last year and the main reason was to get funds to open a second shop. But I went to different Thai banks process experience was not good. Sometimes a lot of information is prepared but in the end when it fails the bank doesn't tell you why.'

The training needs for financial management is in the high level with the mean score of 4.14. The need for cash flow management and operational risk management scored the highest 4.25. It shows the importance of cash flow management for SMEs. SMEs entrepreneurs in the interviews generally agreed that the success of cash flow management is the key to the survivability of startups SMEs. The need for financial statement preparation is in high level with the mean score of 4.13. SMEs entrepreneurs in the interviews indicated that the knowledge need for financial statement preparation is mainly for

preparing materials for bank credit, and they would like to be trained to know how SMEs entrepreneurs can produce financial statements that meet the bank's preferences. The interviews also find that the actual financial management of start-ups is more chaotic, with the business and household finances are still mixed situation.

VAT with mean score of 3.54 and Corporate income tax with mean score of 3.5, both show the needs for training in high level. Through interviews, some SMEs have their own financial staff, and the owners want to learn about Corporate income tax and VAT through training mainly for the purpose of tax planning, such as tax exemption policies and deduction items. For enterprises that have adopted financial outsourcing services, the owners generally believe that their business is simple, and they would like to save the cost of financial outsourcing by doing tax report by themselves. They want to have the tax declaration practice training. Another finding of the interviews is that even if SMEs have their own financial staff, they are responsible for basic financial work, such as bookkeeping and statement preparation. There is a general lack of tax planning and financial management skills, and SMEs business owners cannot afford the cost of hiring a finance person with financial management and tax management skills, which is the main reason for the demand of training.

Related to financial outsourcing, with more than 50% (21) of companies using financial outsourcing services. The main function of financial outsourcing services is to help SMEs provide financial information that meets the requirements for tax filing and complete tax filings. Only one of the SMEs in the interviews indicated that they use the information provided by outsourced accountants for financial management. According to the interviews, the problem with outsourcing is that external accountants usually do not provide additional consulting services, and it is often difficult for firms to contact external accountants for advice on other related issues, such as cash flow management and tax planning, apart from the fixed time for filing tax returns and preparing statements. If consulting services are to be provided, cost is critical issue for the service, especially for set up SMEs. This also explains the high rating for the need for financial management.

BOI investment policy (mean score of 2.13) has a lower rating for training demand. Through interviews, SMEs generally felt that BOI applications are high requirements, have long process, and have high capital needs. It is not suitable for SMEs, especially start-up SMEs.

Training Course design

Based on the results of the training needs analysis above, the researcher designed a comprehensive training course focusing on corporate finance, financial management and tax management.

The course is divided into three core modules:

The first module focuses on bank credit practice (12 hours), the course content includes a comparison of the characteristics of different types of loan products, a complete demonstration of the loan application process, key points in the preparation of loan materials, etc. It also recommend the appropriate credit products for the different stages of the SMEs. In the case study session, the trainees will show previous failure cases, and the trainer will make comments and analyses to help enterprises improve the success of loan applications.

The second module is financial management module (10 hours), the course content focuses on cash flow management, based on the SMEs business risk management. The course will teach enterprises how to establish cash flow forecasting models, formulate capital plans, how to deal with cash flow crises and other practical skills through actual cases. The content of financial statement analysis will be integrated to help enterprises understand the focus of financial indicators from the bank's perspective, so as to enhance the reliability of financing materials.

The third module is tax management practice (8 hours), adopting the mixed mode of 'theory + practice'. For enterprises using financial outsourcing services, it provides practical training on self-declaration of tax return to help enterprises reduce operating costs. At the same time, at tax planning topic, the trainee explains the Thailand preferential policies of value-added tax and corporate income tax, so as to meet the needs of enterprises in tax planning.

At the same time, at the end of the course, there will be Q&A session for enterprise owners. A group discussion was set up to answer questions for business owners during the course. The course conduct 18:00-21:00 every Monday and Wednesday for a period of five weeks. Through the online live class and recording for course playback, it is convenient for business owners to flexibly arrange their study time.

Discussion and Conclusion

This study systematically analysed the financial and tax management training needs of Chinese SMEs in Thailand through a combination of questionnaires and semi-structured interviews, and the study found the following characteristics:

The highest demand for training is bank credit knowledge. This indicates the difficulty of financing for SMEs, which is consistent with the findings in Magamb (2024). The interviews in this study further reveal the difficulties specific to Chinese SMEs in Thailand: high communication costs with banks due to language and cultural barriers, and unfamiliarity with local credit policies and product features, which increase financing difficulties.

Financial management needs ranked in high level, most SMEs entrepreneurs believe that financial management competence is important for SMEs, this follow the finding of Zada, M., Yukun, C., & Zada, S., (2021). Also the high mean score of cash flow management confirms the finding of García-Teruel and Martínez-Solano (2007) - good financial management competence not only enhances the ability of firms to raise finance, but also ensures that capital is allocated efficiently. It was found that 'business and household finances are still mixed' among Chinese SMEs in Thailand, which is consistent with the findings of Agustin et al. (2023). This mixing of finances not only affects the standardization of business operations but may also reduce their ability to access external finance.

More than 50% of the SMEs firms in the study use finance outsourcing services, which is in line with Xie Huaying (2018) argument that outsourcing can help SMEs to access professional services and save costs. However, this study also identifies a limitation of finance outsourcing services: external accountants rarely provide value-added services such as cash flow management and tax planning advice, follow the risk of information asymmetry suggested by Xie Huaying (2018).

This study systematically analyzed the characteristics of financial and tax management training needs of Chinese SMEs in Thailand, which provides a new empirical basis for related theoretical studies. Moreover, the training courses designed based on the needs analysis will help business owners to improve their financial and tax management capabilities and enhance their competitiveness.

The limitation of the study is that the sample size is relatively small (40) and mainly focuses on the service industry and e-commerce retailing industry, future research can expand the sample scope and conduct comparative analysis between industries. In addition, the actual effects of the training programmes need to be verified by subsequent studies.

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