

AN INQUIRY INTO IDENTIFYING AND SURMOUNTING THE BARRIERS THAT HINDER ENTREPRENEURS FROM UTILISING MANAGEMENT ACCOUNTING INFORMATION.

Zhang Xiao¹

¹Lincoln University College, Petaling Jaya, Malaysia.

ABSTRACT

Management accounting data helps one make wise choices, allocate resources effectively, and guarantee long-term success of a business. Numerous companies find it difficult to apply even if it offers numerous possible advantages. Finding what is preventing company owners from fully using management accounting is the main objective of this research. Results of misconceptions include poor financial literacy, a lack of knowledge of the complexity of the subject, and the relevance and benefits of management accounting. Furthermore, especially in small businesses, financial concerns may cause entrepreneurs to be reluctant to engage experts or use accounting procedures. Many businesses owners delay implementing formal accounting systems out of concern about running out of resources given the vital nature of their daily operations. Though these are all management accounting tools that should be used more often, companies sometimes ignore budgeting, financial forecasting, and cost analysis in the quest of addressing urgent operational needs. We must educate individuals, streamline accounting procedures, and demonstrate to them how certain behaviours would save money over time if we are to transcend these challenges. By reducing these obstacles, entrepreneurs may raise their company's performance, decision-making ability, and visibility of business performance. This study closes gaps in our knowledge of management accounting and its uses, therefore enabling entrepreneurs to utilise this information to drive the long-term success of their businesses.

Keywords: Management Accounting Data, Financial Literacy, Entrepreneurs, Decision-Making Ability, Business Performance.

INTRODUCTION

Small businesses all around have the ability to transform our daily economic life and generate new employment. Improving economic development depends on helping small businesses to thrive and flourish. Previous studies show that small firms that wish to grow have to give financial planning and management top priority (Perren & Grant, 2023). Though small businesses are very important for the economy, little is known about the degree to which they rely on MI and management accounting (MA). Small firm owners are usually the only ones in charge of management; hence the use of MAI depends on their own knowledge and perspective on this information. Researchers tackle their questions using quantitative approaches. Two sets of survey

data have been integrated by cooperative efforts to provide a whole picture of MAI use in small businesses from a more general perspective (Hopper & Bui, 2023). Still, the findings of this research show that business owners appreciate MAI and see its relevance for effective management. Using MAI, the study of tales revealed four different kinds of entrepreneurs. Beginners considering long-term, picky programmers, exhaustive analysers, and sad couch potatoes. Owners of companies from these groups have different ideas on how MAI should be used in management. MAI's work centres on either general management and profitability assessments or helping with company growth depending on the kind of entrepreneur. Examining the challenges related to MAI services turned up a "Limited Time and Resources" service quality gap. Furthermore, influencing the MAI service and public perception is the way businesses and accountants see each other (Akhtar & Mahmood, 2023).

BACKGROUND OF THE STUDY

Management accounting helps both company growth in the competitive corporate environment of today and entrepreneurial decision-making. Still, many company owners—especially those of small businesses—find it difficult to use management accounting. Because they cannot correctly utilise management accounting data, companies in this sector can miss opportunities to save expenses, assess performance, and create strategic goals. Because of their great concentration on daily activities, entrepreneurs often neglect to allocate enough time and money to reach their long-term objectives (Nandan, 2023). Under these circumstances, professional management accounting solutions might seem like a waste of money to company owners. Furthermore, many business owners could overlook the advantages of management accounting as they believe it to be a costly and complex tool limited to big companies. Lack of financial understanding might be the reason behind their incapacity to collect, assess, and use financial data for decision-making (Sian & Roberts, 2023). Since schooling, software, and accounting services may be costly, many depend on their intuition or unofficial methods for decision-making. Without correct accounting data, entrepreneurs may find it challenging to optimise earnings and business growth. For companies, striking a comfortable mix between operational planning and analysis and financial planning and analysis might be challenging. Under this arrangement, management accounting looks to have less of influence as sales, marketing, and customer service take front stage (Jänkälä & Silvola, 2023). Management accounting methods such as budgeting, cost analysis, and financial forecasting may assist improve the sustainability and efficiency of their company even if many business owners are unsure of how. Should these issues be resolved, managers would be able to utilise management accounting data to guide decisions, therefore ensuring the survival of their businesses throughout time and improving financial performance. Given restricted resources, this paper investigates the elements preventing businesses from fully using management accounting data. Examining these limitations, this paper provides guidance on how managers could

improve the performance of their businesses using management accounting tools (Alattar et al. 2023).

PURPOSE OF THE RESEARCH

The purpose of this research is to identify the variables that restrict companies from making use of management accounting data when it is necessary, with a particular focus on the problems that are brought about by limited time and resources. The objective of this study is to identify these issues. This study's objective is to identify these difficulties and provide solutions for them, with the goal of enabling business leaders to enhance the performance of their businesses, improve their decision-making processes, and assure the long-term success of their organisations.

LITERATURE REVIEW

In order to provide this summary, the literature review chapter is organised according to certain topics that are pertinent to the aims of this study, which are based on the existing body of research. Various perspectives on the MAI phenomenon are discussed in each article. The one-of-a-kind study space may be established by first reviewing the key terms relevant to this dissertation. After it comes the process of literary analysis (Mitchell et al. 2023). The third section lays out the goals of the study, which include SMEs discussing the characteristics of small companies and how those characteristics affect the usage of management accounting information in SMEs. The most popular management accounting methods used by SMEs and the acknowledged challenges and limitations of implementing MAI are also covered to set the stage for the study's central problem (Lavia López et al. 2023). This setting also delves into the viewpoint and role of accountants, since they are the primary source of MAI in small enterprises. In conclusion, MAI is examined through the lens of service quality theories to get a deeper understanding of the shortcomings in the use of management accounting information in SMEs. Since small businesses typically receive MAI from external accountants, and studies show that there is a lot of tension and a lack of communication between accounting service providers and users, service quality models are discussed to help understand the nature of this difficult relationship. Domain theories and method theories serve different purposes in MA research. The latter serves as a theoretical lens to explore the former (Bhimani & Willcocks, 2024).

RESEARCH QUESTIONS

How do well understanding support utilising management accounting information?

RESEARCH METHODOLOGY

RESEARCH DESIGN

The quantitative data analysis was conducted using SPSS version 25. The odds ratio and 95% confidence interval were used to ascertain the strength and direction of the statistical link. The researchers developed a statistically significant criterion at $p < 0.05$. A descriptive analysis was performed to determine the key characteristics of the data. Quantitative approaches are often used to evaluate data obtained from surveys, polls, and questionnaires, as well as data modified by computational tools for statistical analysis.

SAMPLING

Research participants filled out questionnaires to provide information for the research. Using the Rao-soft programme, researchers determined that there were 530 people in the research population, so researchers sent out 600 questionnaires. The researchers got 567 back, and they excluded 17 due to incompleteness, so researchers ended up with a sample size of 550.

DATA AND MEASUREMENT

A questionnaire survey served as the principal tool for data gathering in the study. The survey had two sections: (A) General demographic information and (B) Responses on online and offline channel variables assessed using a 5-point Likert scale. Secondary data was obtained from many sources, mostly on internet databases.

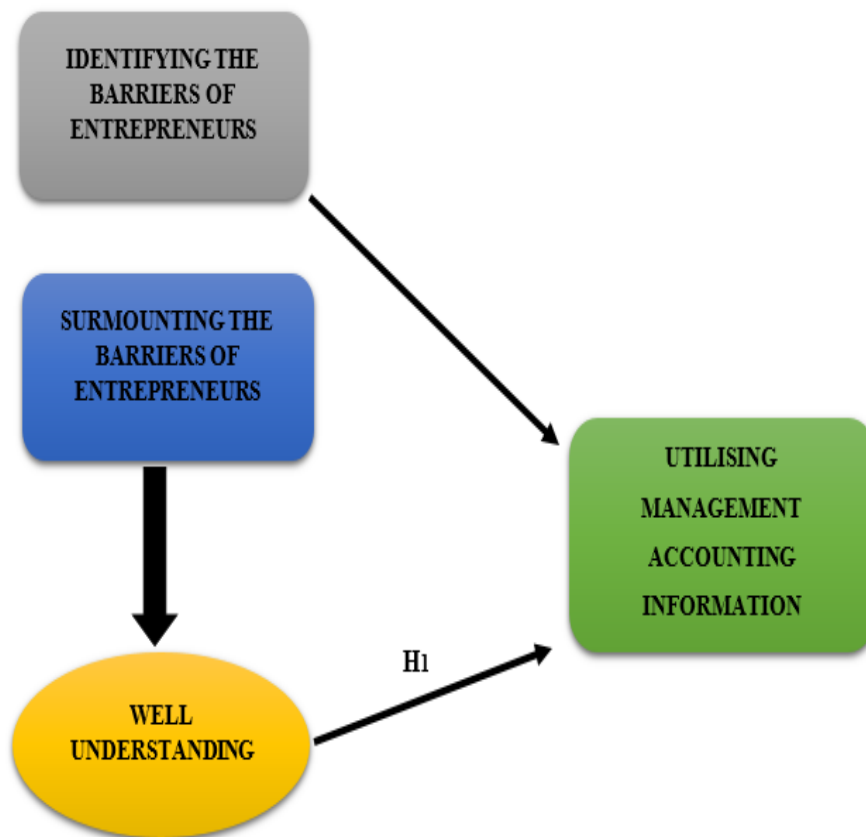
STATISTICAL SOFTWARE

The statistical analysis was conducted using SPSS 25 and MS-Excel.

STATISTICAL TOOLS

To grasp the fundamental character of the data, descriptive analysis was used. The researcher is required to analyse the data using ANOVA.

CONCEPTUAL FRAMEWORK



RESULT

Factor Analysis: One typical use of Factor Analysis (FA) is to verify the existence of latent components in observable data. When there are not easily observable visual or diagnostic markers, it is common practice to utilise regression coefficients to produce ratings. In FA, models are essential for success. Finding mistakes, intrusions, and obvious connections are the aims of modelling. One way to assess datasets produced by multiple regression studies is with the use of the Kaiser-Meyer-Olkin (KMO) Test. They] verify that the model and sample variables are representative. According to the numbers, there is data duplication. When the proportions are less, the data is easier to understand. For KMO, the output is a number between zero and one. If the KMO value is between 0.8 and 1, then the sample size should be enough. These are the permissible boundaries, according to Kaiser: The following are the acceptance criteria set by Kaiser:

A pitiful 0.050 to 0.059, below average 0.60 to 0.69

Middle grades often fall within the range of 0.70-0.79.

With a quality point score ranging from 0.80 to 0.89.

They marvel at the range of 0.90 to 1.00.

Table1: KMO and Bartlett's Test

Testing for KMO and Bartlett's

Sampling Adequacy Measured by Kaiser-Meyer-Olkin .930

The results of Bartlett's test of sphericity are as follows: approx. chi-square

df=190

sig.=.000

Table 1: KMO and Bartlett's Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.930
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

This substantiates that assertions on the execution of a sample are valid. Researchers used Bartlett's Test of Sphericity to evaluate the importance of the correlation matrices. The Kaiser-Meyer-Olkin metric deems the sample satisfactory when the value is 0.930. The p-value obtained from Bartlett's sphericity test is 0.00. The statistically significant findings of Bartlett's sphericity test indicate that the correlation matrix differs from an identity matrix.

INDEPENDENT VARIABLE

Identifying the Barriers of Entrepreneurs: "Identifying the barriers of entrepreneurs" means understanding and respecting the many challenges faced by entrepreneurs in pursuit of their business objectives. Market fluctuations, legal conflicts, and economic factors are all examples of external components that might lead to issues; however, there are also internal factors that could play a role. One internal factor might be a deficiency in resources, knowledge, or abilities. Academics and corporate leaders may use this list to better understand the unique obstacles that organisations have while attempting to adopt best practices, grow their company, and make smart judgements. Problems with the management accounting paradigm may be better identified when factors like time, money, and familiarity with accounting system benefits that impede effective use of financial data are taken into consideration. In order for business owners to make informed decisions, it is crucial to first identify these challenges (Davila & Foster, 2023).

INDEPENDENT VARIABLE

Surmounting the Barriers of Entrepreneurs: The expression “surmounting the barriers of entrepreneurs” refers to making every effort to assist business owners in overcoming the many problems that they are confronted with. When one has recognised the roots of problems, such as a lack of knowledge, time, funds, or experience, it is much simpler to create ways to overcome those hurdles using those tactics. It may be possible to overcome these challenges by using a mix of skills, including competence in personal finance, innovative management, reaching out to people for support, and concentrating on the activities that are most important for the achievements of the organisation. It is possible that entrepreneurs will be able to improve their operations, make decisions that are better informed, and adopt policies that are more environmentally friendly if they are successful in overcoming these hurdles. This ultimately results in the success and growth of the firm throughout the course of time (Efferin & Hartono, 2023).

FACTOR

Well Understanding: One must be rather well-versed in all facets of a certain topic or body of knowledge if one is to have a comprehensive awareness. Apart from knowing the principles, you also have to grasp them, be able to make links between them, and apply them suitably in many contexts. A well-informed individual can evaluate and synthesise data, draw logical conclusions, and properly manage problems in addition to having simple facts. Expert in management accounting can analyse financial data, derive conclusions, and use those results to direct the long-term plan of the business. One must have both theoretical knowledge and practical experience as well as the flexibility to adapt to changing circumstances and the will to continually innovate by including fresh ideas if one is to really grasp (Ghasemi & Yazdani, 2023).

DEPENDENT VARIABLE

Utilising Management Accounting Information: To better plan, oversee, and make decisions, management accountants use both financial and non-financial data. Budgeting, controlling costs, establishing prices, evaluating performance, and allocating resources are all areas where management accounting may help business owners and managers, while financial accounting is more concerned with reporting to external parties. To achieve their goals, organisations may utilise management accounting data to assess earnings, find places to cut costs, predict how well the company will do financially in the future, and allocate resources properly. The organisation is able to be normally profitable and have space for growth because to the data-driven strategy that allows for better financial management, strategic planning, and decision-making (Marriott & Marriott, 2023).

Relationship between Well Understanding and Utilising Management Accounting Information: One is strongly correlated with the other in terms of management

accounting knowledge and use of that knowledge when making choices. Leaders in companies need have a strong grasp of management accounting if they are to properly assess financial data, pinpoint important performance indicators, and apply this knowledge to corporate strategy. Over time, those who possess strong understanding of ideas such budgeting, cost analysis, and financial forecasting may make wise judgements that support the expansion, effectiveness, and profitability of their businesses. Conversely, executives in companies without experience are more prone to overlook or ignore important financial information, which finally results in bad decisions and lost possibilities. Therefore, the degree of knowledge that an entrepreneur has in this field directly determines their capacity to maximise company operations, keep control over resources, and plan for the future via the use of management accounting techniques (Halabi et al. 2023).

On the basis of the above discussion, the researcher formulated the following hypothesis, which was analyse the relationship between well understanding and utilising management accounting Information.

H₀₁: There is no significant relationship between well understanding and utilising management accounting Information.

H₁: There is a significant relationship between well understanding and utilising management accounting Information.

Table 2: H₁ ANOVA Test.

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	169	5785.517	1080.1936	.000
Within Groups	492.770	380	5.356		
Total	40081.390	549			

This investigation yields remarkable results. The F value is 1080.1936, attaining significance with a p-value of .000, which is below the .05 alpha threshold. This signifies the “**H₁: There is a significant relationship between well understanding and utilising management accounting Information**” is accepted and the null hypothesis is rejected.

DISCUSSION

The resources at hand greatly affect how closely management accounting data fits an entrepreneurial company. Management accounting data collecting, appraisal, and application need require time, energy, tools, and technology. Many businesses have great difficulty managing minimal resources. Many small firms might think they cannot afford complicated systems, expert accountants, or accounting software

given their limited resources. Business leaders who depend on simplified approaches of financial monitoring might restrict their capacity to use management accounting data for wise decision-making. Human resources provide another challenge; many firm owners are either too busy or unfit for handling demanding accounting chores. Due to their lack of knowledge and expertise in the field, entrepreneurs operating smaller companies are unusual in assigning accounting responsibilities in the absence of a qualified staff. Not having enough time to dedicate to accounting procedures or long-term financial planning simply makes matters worse as company owners already have a lot on their plates with daily operations. Limited access to certain technological solutions may prove to be a major challenge as some business owners just lack the means to update to more efficient accounting systems. Companies might discover reasonably priced solutions for resource-related issues such as outsourced accounting services, simplified accounting systems, or cloud accounting tools. It is advisable to carefully review their financial condition; these recommendations will help to allocate money. Management accounting may enable companies to maximise their resources and assist them make better choices therefore supporting sustainable growth.

CONCLUSION

Studies indicate that the biggest reason companies neglect adopting management accounting data is lack of resources. Limitations in time, money, people, and technology cause management accounting practices to be not applied effectively. Still, these challenges are readily overcome. These company owners may overcome these obstacles by learning, providing competitive accounting solutions, and gradually adopting accounting ideas into their activities. At last, by means of resource optimisation, smart management accountants will experience enhancements in their financial results, decision-making capacity, and capacity to support the continuous expansion of their companies. Should these obstacles be resolved, companies will have more opportunity to use management accounting, negotiate the complexities of corporate management, and guarantee long-term success.

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