



# Does Management Accounting Information Meet the Needs of SMEs? An Investigation of Its Usefulness from Manufacturing Enterprises

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## Abstract

The use of appropriate management accounting techniques for the problem at hand are useful to managers. This study describes the level of usefulness of management accounting tools (MATs) used, test the relationship of MATs used to net income and capital, test of difference between the level of its usefulness and the difficulties encountered in applying the tools. Questionnaire survey was used to obtain information from manufacturing sector. Frequency, median, Spearman Rho and Mann-Whitney U were utilized to analyze the data. The study suggest that medium firms utilized more tools than small enterprises. Statement of cash flow analysis, capital budgeting decisions and financial budgets were considered as the very useful tools used. Likewise, the study developed significant relationship between selected variables of size, level of net income and level of capital to the level of its usefulness for medium-sized enterprises and sufficient to create significant difference between the levels of its usefulness. Lack of qualified employees and its use are not deem necessary as to the nature of the enterprise operations ranked as the top barriers encountered in applying the tools. Therefore, the appropriateness of management accounting information depends upon the operating activities, strategies and the size of the organization.

**Keywords:** Manager; Management accounting; Management accounting Tools (MATs); Manufacturing; Small-Medium-Sized enterprises.

## 1. Introduction

Small and medium-sized enterprises (SMEs) play an important role in the Philippines' economy. As defined by the Department of Trade and Industry (DTI) as any business activities or enterprises engage in industry whether single proprietorship, cooperative, partnership or corporation whose total assets are valued ranging from over P3 million to P100 million and employ no more than 200 employees [1]. SMEs contributed almost 25.3% or 1,968,452 jobs by small enterprises and 6.8% or 530,784 by medium enterprises. Majority of the SMEs in operation can be found in the manufacturing sector with 13,139 business establishments and the manufacturing sector generated 451,434 number of jobs [1].

Nowadays, SMEs are widely seen as huge contributor in the economy due to its stimulating growth despite the unfavorable global environment. They reduce poverty by creating jobs that helps to create employment opportunities and more equitable income distribution. Given the importance for the company to operate effectively and efficiently, management accounting helps managers to measure, analyze and report financial and nonfinancial information in making decisions to fulfill the goals of an organization [2]. Scapens [3] mentioned that most of the current research in management accounting practices (MAPs) has focused on understanding the nature of management accounting and control systems (MACS) in large private and public organization. Therefore, given the challenges to grow and competing demands, this study emphasized more on managerial use of management accounting information in developing country.

included manufacturing type of business activities in the research designed to describe not only the particular type of management accounting tools (MATs) used but also the level of its usefulness, test the relationship of the selected demographic variables of size, average level of net income, average level of capital and the level of usefulness of MATs used, test the difference between the levels of usefulness of MATs used by SMEs and to identify the problems encountered by SMEs in the application of MATs, thus emphasizing the areas that requires further investigation.

## 2. Research Hypotheses

The null hypotheses of the study were the following:

H<sub>0</sub>: There is no significant relationship between the selected demographic variables of size, average level net income and the levels of usefulness of MATs used by SMEs.

H<sub>0</sub>: There is no significant relationship between the selected demographic variables of size, average level capital and the levels of usefulness of MATs used by SMEs.

H<sub>0</sub>: There is no significant difference between the levels of usefulness of MATs used by SMEs.

## 3. Materials and Methods

### 3.1. Research Design

The researcher used descriptive comparative research type. The primary source of information was obtained through the use of ques-

This research is an extension of the previous studies. The researcher



tionnaire survey. The researcher gathered the management accounting tools used from the management accounting textbooks of Atkinson [4] and Garrison [5] and the related study carried out by Lucas [6].

### 3.2. Sampling Procedure

The 60 respondents are the owners, general managers, finance/accounting managers and accountants found from the list of establishment given by the DTI as of 2013 per city. As well as the list of establishment provided by the Security and Exchange Commission (SEC) using the SEC i-Register data base as of January 2018 [7] per business sector in the National Capital Region (SEC, 2018) using *purposive sampling* [8]. The number of employees was used as the criteria to classify whether the respondents belong to small or medium enterprises as the most widely used criteria in the Philippines [1].

### 3.3. Statistical Treatment of Data

To arrive at the analysis and interpretation for objectives one and four, the researcher used the frequency and median. Then, for research objective two, the researcher used Spearman's rank-order correlation coefficient. To answer research objective three, the researcher put into used the Mann-Whitney U Test [9].

## 4. Background of the Study

Nandan [10] made an investigation about the importance of management accounting information for the owner-managers of small and medium enterprises (SMEs) in Australia. Nandan [10] found out that most of SMEs face complexities in terms of strategic, financial and cost management issues. Nandan [10] believed that SMEs normally struggle for survival and continuity to grow in the long run due to lack of adequate management accounting techniques and system to better manage the resources and enhance the monitoring and control activities. Then, Lucas [6] examined the MATs used by UK SMEs and the number of employees (small – 50; medium – 250) was the criteria used to classify whether the business belongs to SMEs. All the enterprises included in their studies had been in existence for more than 5 years. Lucas [6] interviewed the CEO/Owner-Managers and other senior managers using semi-structured questionnaire and the MATs used were gathered mainly from textbooks and professional accounting syllabi. Whether they used it and then, asked the respondents understanding if it is not used. The sample size consists of eleven mix of small and medium sized businesses. They found out that three MATs considered by all the enterprises to be the most important pieces of financial information were product or service costs for pricing analysis, break-even analysis and working capital measures (as cited in Legaspi [11]). Then, the most significant difference between the enterprises was some small firms used budgetary planning and control systems, responsibility centers and cost-volume-profit analysis as MATs but not the other. While all medium firms used budgetary planning and control systems, responsibility centers and cost-volume-profit analysis (including modelling various 'what if' scenarios).

On the other hand, Lucas [6] recognized the non-use of standard cost variance analysis for all SMEs and believed that cost variance analysis was not considered useful for managers, especially for smaller firms. It could be inappropriate to track all costs to aid an effective operational control (as cited in Legaspi [11]). Then, also discovered that the absence of overhead allocation obtained of smaller firms have no benefits in allocating overhead cost since most of it are in the form of facility sustaining costs and not product sustaining costs. The managers tended to make decisions without much management accounting information which is not the same method or approach suggested in the management accounting text-

book. Lucas [6] studies was consistent with what Nandan [10] concluded that SMEs failed to utilize much of the MATs into their practices (as cited in Legaspi [11]). Likewise, Uyar [12] explored the management accounting practices utilized by small and medium manufacturing companies operating in Istanbul, Turkey. The data was obtained from 61 (small – 13; medium – 39; large – 9) randomly chosen manufacturing companies in Istanbul using questionnaire survey (as cited in Legaspi [11]). The survey revealed the same most important management accounting tool was the budget for planning and control system from all 52 randomly small-medium-sized manufacturing firms. However, the cost-volume-profit analysis, responsibility accounting, standard cost variance analysis, target costing and quality costing were considered by some Turkey's small-medium-sized firms but never the transfer pricing and strategic planning (activity based costing, balance scorecard, capital expenditure appraisal techniques and short-term decision support tools). Uyar [12] findings indicated that companies perceived that traditional or conventional MATs were still important. The strategic planning and transfer pricing were not used and not important may be due to size of the sample firms. Since sample consist mainly of SMEs, some tools may be too complicated to utilize. The result of study made by Uyar [12] was somewhat consistent with the finding made by Lucas [6] in terms of budgets for planning and control, responsibility accounting and cost-volume profit analysis. Except for standard costing and variance analysis, overhead allocation, and strategic management accounting were not used by sample firms of Lucas [6]. On the other hand, Sunarni [13] study was participated by 30 medium-scale companies throughout Yogyakarta, Indonesia from management accountant who work in manufacturing firms. A questionnaire survey was used to collect the data. The samples were selected by using convenience sampling. Sunarni [13] explained that according to Indonesian Central Bureau of Statistic, a company can be classified as micro business if it has less than 3 employees, a small-scale if it has 3-19 employees, a medium-scale if it has 20-99 employees and as a big-scale company if it has more than 100 employees. Sunarni [13] findings were also slightly consistent with Lucas [6] in terms of the used of budgetary planning and control system and cost-volume profit analysis for medium company. The 30 sample companies considered budgeting and possible effect of changes in sales in the cost-volume-profit analysis as the most vital management accounting task. However, total quality management and standard costing and variance analysis were included at the top-three most important tools but never used for Lucas [6] sample companies.

A review of management accounting literature suggests that there is gap in the development and implementation of MATs and systems were developed mostly in central economies but are not fully used in developing countries particularly by small to medium companies. Therefore, there is a need for research to examine not only the particular management accounting tools used and the usefulness of each tool but also to test the relationship between selected demographic variables of size, level of net income and level of capital to the level of usefulness of MATs used and test the difference between the usefulness of MATs used by SMEs. There was no designed to test the influence in determining significant relationship and difference on the level of usefulness and the type of management accounting practice undertaken on the previous studies. Also, to support in identifying the tools that are used and not used it is important to know the reason about the problems encountered in relation to the application of MATs. The size, operating activities and strategies appear to be an important factor to consider for both small and medium firms thus, emphasizing the areas that require further investigation in the developing countries.

## 5. Results and Discussion

### 5.1. The Level of Usefulness of MATs used by SMEs

**Table 1:** The Level of Usefulness of MATs used by Small Enterprises

Management Accounting Tools	Median	VI
Statement of cash flow analysis	4	VU
Capital budgeting decisions	3	U
Financial budgets	3	U
Financial statement analysis	3	U
Managing customers' relationship	3	U
Operating budgets	3	U
Product or service cost information	3	U
Standard costing and variance analysis	2	LU
Activity-based costing	1	NU
Balance scorecard	1	NU
Benchmarking	1	NU
Cost-volume-profit analysis	1	NU
Just-in-time	1	NU
Kaizen costing	1	NU
Lean manufacturing	1	NU
Relevant costs for decision making	1	NU
Responsibility accounting	1	NU
Target costing for product planning	1	NU
Total quality management	1	NU
Transfer pricing	1	NU

Verbal Interpretations (VI): 1 = Not Useful (NU); 2 = Less Useful (LU); 3 = Useful (U); 4 = Very Useful (VU)

Table 1 shows the summary statistics as perceived by owners, general managers, finance/accounting managers and accountants of small enterprises. It displays the median and the verbal interpretation of the level usefulness of MATs used by enterprises. According to the data, statement of cash flow analysis (4) is the “very useful” tool among the particular MATs used by the 30 respondents of small enterprises. While capital budgeting decisions (3), financial budgets (3), financial statement analysis (3), managing customers’ relationship (3), operating budgets (3) and product or service cost information (3) turn out to be the “useful” tools for them. However, activity-based costing (1), balance scorecard (1), benchmarking (1), cost-volume-profit analysis (1), just-in-time (1), kaizen costing (1), lean manufacturing (1), relevant costs for decision making (1), responsibility accounting (1), target costing for product planning (1), total quality management (1) and transfer pricing are “not useful” tools for them.

Table 2 illustrates the summary statistics as perceived by owners, general managers, finance/accounting managers and accountants of medium enterprises. It displays the median and the verbal interpretation of the level usefulness of MATs used by enterprises. Surprisingly, capital budgeting decisions (4) and financial budgets (4) are the “very useful” tools among the particular MATs used by the 30 respondents of medium enterprises. Financial statement analysis (3), managing customers’ relationship (3), operating budgets (3), product or service cost information (3), standard costing and variance analysis (3) and statement of cash flow analysis (3) are also “useful” tools for them. While balance scorecard (1), just-in-time (1), kaizen costing (1), lean manufacturing (1), responsibility accounting (1) and transfer pricing (1) are “not useful” tools for the respondents. It appears that small enterprises focused much of their attention about seven (7) helpful tools to operate whereas the medium enterprises need 8 valuable tools to run their businesses.

**Table 2:** The Level of Usefulness of MATs used by Medium Enterprises

Management Accounting Tools	Median	VI
Capital budgeting decisions	4	VU
Financial budgets	4	VU
Financial statement analysis	3	U
Managing customers' relationship	3	U
Operating budgets	3	U
Product or service cost information	3	U
Standard costing and variance analysis	3	U
Statement of cash flow analysis	3	U
Activity-based costing	2	LU
Benchmarking	2	LU
Cost-volume-profit analysis	2	LU
Relevant costs for decision making	2	LU
Target costing for product planning	2	LU
Total quality management	2	LU

Balance scorecard	1	NU
Just-in-time	1	NU
Kaizen costing	1	NU
Lean manufacturing	1	NU
Responsibility accounting	1	NU
Transfer pricing	1	NU

Verbal Interpretations (VI): 1 = Not Useful (NU); 2 = Less Useful (LU); 3 = Useful (U); 4 = Very Useful (VU)

However, in analyzing the utilization of the MATs, SMEs had the same particular MATs used but differ in the level of usefulness. For example, statement of cash flow analysis is very useful for small while useful only for medium enterprises. Then, financial budgets and capital budgeting decisions are only useful tools for small although very useful for medium enterprise.

**5.2. The Relationship between the Selected Demographic Variables and the Level of Usefulness of MATs used by SMEs**

**Table 3:** Correlation Analysis between the Average Level of Net Income and the Usefulness of MATs used by SMEs

Enterprise	Spearman rho Correlation Coefficient	Sig. (2-tailed)	Verbal Interpretation
Small	.280	.134	Not Significant
Medium	.696	.000	Significant

Table 3 displays the results of correlation analysis as perceived by the respondents of small (30) and medium (30) enterprises. According to the data, the computed two-tailed p-value as denoted by sig. 2-tailed is .134 at the chosen alpha level of 0.05. The result shows that there is no significant relationship between the level of net income and the level of usefulness of MATs used by small enterprises and the relationship is weak positive .280 which means that there are many exceptions to the trend or movement because of its low relationship for small enterprises. The result explained by pure chance and the data are not significant. On the other hand, there is a significant relationship between the respondent’s a level of net income and the level of usefulness of MATs used by medium enterprises because the computed two-tailed p-value (sig. 2-tailed) is .000 at the chosen alpha level of 0.05 and the relationship is strongly positive 69.6% which means that as the level of net income goes up so will the level of usefulness of MATs. Since, the result is positively correlated, the higher the level net income the better the level of usefulness of MATs for medium enterprises.

**Table 4:** Correlation Analysis between the Average Level of Capital and the Usefulness of MATs used by SMEs

Enterprise	Spearman rho Correlation Coefficient	Sig. (2-tailed)	Verbal Interpretation
Small	.021	.921	Not Significant
Medium	.564	.001	Significant

Table 4 represents the results of correlation analysis as perceived by the respondents of small (30) and medium (30) enterprises. Based on the data, the computed two-tailed p-value as denoted by sig. 2-tailed is .921 at the chosen alpha level of 0.05. The result shows that there is no significant relationship between the level of capital and the level of usefulness of MATs used by small enterprises and the relationship is weak positive .021 which means there are many exceptions to the trend or movement because of its low relationship for small enterprises. The result explained by pure chance and the data are not significant. On the other hand, there is a significant relationship between the respondent’s level capital and level of usefulness of MATs used by medium enterprises because the computed two-tailed p-value (sig. 2-tailed) is .001 at the chosen alpha level of 0.05 with N = 30 and the relationship is strongly positive 56.4% which means that as the level of capital goes up so will the level of usefulness of MATs.

### 5.3. Difference between the Level of Usefulness of MATs used by SMEs

**Table 5:** Mann-Whitney U Test Statistics – SMEs

	Usefulness of MATs
Total	60
Mann-Whitney U	692.500
Wilcoxon W	1157.500
Asymp. Sig. (2-tailed)	.000

Table 5 illustrates the Test Statistics about the actual significance value of the test. Specifically, the Test Statistics table provides the test statistics, U statistics, as well as the asymptotic significance (2-tailed) p-value (asymptotic statistical significance level). From this data, it can be interpreted that the level of usefulness of MATs used by medium enterprises is statistically significantly higher than the small enterprises with  $U = 692.500$ ,  $p = .000$  (less than the value of level of significance = .05).

### 5.4. Problems Encountered by SMEs in the Application of MATs

**Table 6:** Problems Encountered by Small Enterprises in the Application of MATs

Problems Encountered	Frequency n = 30	Rank
Lack of qualified employees	20	1
Its use are not deem necessary as to the nature of the enterprise operations	17	2
Its use are not deem necessary as to the size of the enterprise operations	14	3
Expensive to implement	8	4
Unaware of the potential contribution of its use	3	5.5
Lack of knowledge/understanding of its use	3	5.5
Time consuming to implement	1	7

Table 6 shows the frequency (n) and rank distributions about the problems encountered in the application of MATs from the 30 respondents of small enterprises. According to the data, lack of qualified employees (20) had the greatest frequency based on assumed types of problem faced by small enterprises. Followed by its use are not deem necessary as to the nature of the enterprise operations (17), its use are not deem necessary as to the size of the enterprise operations (14), expensive to implement (8), unaware of the potential contribution of its use (3) and lack of knowledge/understanding of its use (3). While time consuming to implement situated last (1)

**Table 7:** Problems Encountered by Medium Enterprises in the Application of MATs

Problems Encountered	Frequency n = 30	Rank
Its use are not deem necessary as to the nature of the enterprise operations	30	1
Its use are not deem necessary as to the size of the enterprise operations	18	2
Time consuming to implement	16	3
Expensive to implement	9	4
Lack of qualified employees	2	5
Unaware of the potential contribution of its use	1	6
Lack of knowledge/understanding of its use	0	7

Table 7 displays the frequency (n) and rank distributions about the problems encountered in the application of MATs from the 30 respondents of medium enterprises. In accordance with the data, medium enterprises believed that its use are not deem necessary as to the nature of the enterprise operation (30). Then, followed by its use are not deem necessary as to the size of the enterprise operations (18), time consuming to implement (16), expensive to implement (9), and lack of qualified employees (2). Also, unaware of the potential contribution of its use (1) is part of their difficulties in applying MATs. However, none of the respondents favored lack of knowledge/understanding of its use. Among the seven choices given to the respondents, whether each group belongs to small or

medium enterprise, it seems that its use are not deem necessary as to the nature and as to the size of the enterprise operations are part of the top three choices as the most common problems in applying the MATs.

Today, SMEs evaluate the usefulness of each tools by way of understanding the cost and benefits of one alternative and compare to the cost and benefits of other alternatives. They need to estimate the strengths and weaknesses of alternatives to determine which options achieve the better benefits. Due to being small, most of the participants of small enterprises considered lack of qualified employees is their main problem. The owners and general managers possibly be reluctant to hire an employee and they could have many considerations in hiring qualified employees. For example, inability to find qualified applicants for the position they need to filled, finding of replacement and training of new employees could impact high cost to the company and staff turnover is often high. Certainly, owners and managers get the most and best out of the knowledge and skills of their employees. Instead of hiring a new one, they put considerable beliefs to let their employees try to do a job which is a bit challenging as compared to what they usually do, due to the passage of time, employees can grasp it and they can become skilled at that certain job. Then, time consuming also had the sizeable frequency based on assumed types of problem faced by medium enterprises. Practically, respondents are satisfied in performing their jobs using their traditional practice in applying the MATS instead of using the new measurements to advanced their business process because there is no guarantee that it could successfully achieved the company's objectives.

## 6. Conclusion

### 6.1. The Level of Usefulness of MATs used by SMEs

The individual MATs investigated seems that capital budgeting decisions and financial budgets for medium enterprises are the very useful management accounting techniques used for planning and controlling their operations. These tools are similar to the studies made by Uyar [12] and Sunarni [13] that budgets for planning still are conventional management accounting tools that are useful for managers since 1950s. Everyone understands that the role of budgets in overall organization plans are used as a blueprint for operations. It helps companies to determine the means of achieving their goals and by outlining the level of sales, production or service cost, and expenses as well as income and cash flows anticipated for the coming year based on managers' near-term projection.

On the other hand, small enterprises believed that statement of cash flow analysis is more essential activity to focus on other than the capital budgeting decisions and financial budgets. They need sufficient cash at the right times in order that they will not miss any obligation and expenses to pay. They need to manage those major activities that could directly and indirectly affect their cash balances, otherwise they may even go bankrupt. These results are contrary to the two out of three findings made by Lucas [6]. The research group found out that management accounting tools considered by all the enterprises to be the most important pieces of financial information were product or service costs for pricing analysis and break-even analysis except for the working capital measures of UK enterprises which is similar to the use of cash flow statement analysis in the Philippines. Then, financial statement analysis, managing customers' relationship, operating budgets and product or service cost information are considered useful techniques by both small and medium enterprises in addition to capital budgeting decision, financial budgets and cash flow statement analysis. These tools are considered nowadays as part of their management accounting information necessary to conduct and manage their business operations successfully.

At the present time, enterprises give an emphasis as to the usefulness of managing customers' relationship. In meeting the customers' needs and wants, enterprises need to be knowledgeable and careful

in making decisions, particularly in investing large amount of capital. To make it sure that capital budgeting decision is necessary, financial budget can support them to identify the expected financial consequences of activities and it can be examined through the use of financial statement analysis. Capital of small enterprises usually lower than what the medium enterprises can provide. If they want to increase their sales potential by managing customers' relationship then, there is a tendency for them to borrow money in a bank. This kind of decision involves risks. Small enterprises should identify risks before they occur rather than react to unfortunate events (bankruptcy) that have already happened.

Correspondingly, SMEs identified that product or service cost information tool helped them for product planning in order to decide on how much is the "price" that they could offer and it must be included in the preparation of the budget. Plans will be implemented and they will assess the financial health and future prospects of the company using statement of cash flow analysis and financial statement analysis. Unexpectedly, the focus of managers and accountants in 1990s changed to the creation of value for customer and shareholder through the effective use of resources. Internal process measures focused on things that the organization need to do, to meet customers' needs and expectations through product and service innovation (managing customers' relationship). Customers' measures lead to increase the value of the company in order for them to prosper, grow and survive.

This clearly shows that SMEs are concerned in improving customer satisfaction nowadays. SMEs must find alternative process that could reduce production cost and service time without reducing product and service quality. Moreover, the utilization of activity-based costing and total quality management for medium enterprises although less useful for them, shows that today's business environment, they started to have a step by step emphasis in using strategic management accounting to successfully achieved their long-term objective as compared to the study of Lucas [6] that most of the medium firms put more emphasis on using tactical and operational strategies.

## 6.2. Relationship between the Selected Demographic Variables and the Level of Usefulness of MATs used by SMEs

Initially, the p-value 0.134 is greater than the 0.05 percent level of significance, therefore it fails to reject the null hypothesis. There is not enough evidence to support to claim that there is significant relationship between the average level of net income and the levels of usefulness of MATs used by small enterprises. However, the p-value 0.000 is less than the 0.05 percent level of significance, thus, there is enough evidence to reject the null hypothesis. The evidence supports to claim that there is significant relationship between the average level of net income and the levels of usefulness of MATs used by medium enterprises. Then, the p-value 0.921 is greater than the 0.05 percent level of significance, therefore it fails to reject the null hypothesis. There is not enough evidence to support to claim that there is significant relationship between the average level of capital and the levels of usefulness of MATs used by small enterprises. Finally, the p-value 0.001 is less than the 0.05 percent level of significance, thus, there is enough evidence to reject the null hypothesis. The evidence supports to claim that there is significant relationship between the average level of capital and the levels of usefulness of MATs used by medium enterprises.

Based on the outcome of the study, it clearly shows the importance of the statistics in social science research especially for the medium enterprises, in which the firms can effectively relate the use of each MATs into their business performance. It means that the use of different kinds of analysis are enough and useful tools for 30 respondents to continuously help them face competition to succeed in the market place, especially the utilization of capital budgeting decisions and financial budgets. However, all the MATs utilized by small enterprises are not enough to provide association to the net

income and capital although it is useful according to their perception.

## 6.3. Difference between the Level of Usefulness of MATs used by SMEs

The Mann-Whitney U Test was carried out to assess the difference between the levels of usefulness of the MATs used by SMEs. Mainly, the p-value 0.000 is less than the 0.05 percent level of significance, thus, there is enough evidence to reject the null hypothesis. The evidence supports to claim that there is significant difference between the levels of usefulness of MATs used by SMEs. Virtually every company has primary purpose and selects the focus and scope of its strategy to add value to stakeholders. All organizations start in planning stage to make choices about what they will do and will not do. Through these, organization can set the target market and compete in those market. But once the strategy has been selected, they need management accounting tools to help them implement the strategy. Overall with respect to the use of management accounting tools, it was appropriate that medium firms utilized more tools due to the nature and complexity of their operation which is similar to the suggestion in the literature investigated by Lucas [6] that in the utilization of management accounting tools, small-sized UK enterprises might not really need some of the tools investigated, as medium-sized would.

## 6.4. Problems Encountered by SMEs in the Application of MATs

Based on the evidence gathered, SMEs owners, general managers, finance/accounting managers and accountants admitted that the lack of qualified employees (small), time consuming to implement (medium) and its use are not deem necessary as to the nature and size of the enterprise operations ranked as their top three barriers in applying the MATs (small and medium). Small enterprises usually can start up a business by having 10 employees, therefore managers and accountants need to take into account other factors in the external environment such as availability of labor, skills, education and employment costs that could produce an unfavorable financial impact for the company. Whereas for medium enterprises, human interest and motivation provide a major role if the companies are concern about the desired changes of the organizations since, one of the useful MATs used is, managing customers' relationship. They are now gradually converting their strategies into an intense customer-focused mentality. The focus in not only reduction of cost but rather it includes decision to incur additional costs to develop new product, to improve quality of the product and to increase customer satisfaction with the goal of enriching company revenue and profits. Therefore, companies may experience difficulties and frustrations that could create implementation issues.

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