



## AN INQUIRY INTO IDENTIFYING AND SURMOUNTING THE BARRIERS THAT HINDER ENTREPRENEURS FROM LEVERAGING MANAGEMENT ACCOUNTING INFORMATION

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### Abstract

Obtaining information from management accounting is beneficial for a number of reasons, including the ability to make smart decisions, effectively allocate resources, and ensure the long-term prosperity of a firm. There are a lot of firms that struggle to use it, despite the apparent benefits it offers. The purpose of this study is to investigate the reasons why business owners are not utilising management accounting to its full potential. Miscommunication is a contributing factor in widespread misunderstandings regarding the complexity of the subject matter, poor levels of financial literacy, and a lack of awareness of the virtues and advantages of management accounting. In addition, business owners may be reluctant to implement accounting systems or to employ professionals owing to concerns over their financial situation, particularly in the case of smaller businesses. Due to the fact that the day-to-day operations of the company are extremely important, many business owners continue to delay the implementation of formal accounting systems out of the worry that they would use up all of the resources that are available. The management accounting abilities of budgeting, financial forecasting, and cost analysis are all ones that businesses ought to make more use of. In most cases, however, they are eclipsed by the necessities of satisfying operational demands. The researcher need to educate people, simplify accounting processes, and demonstrate to them how these measures will result in cost savings in the long term in order to achieve our goal of overcoming these issues. It is possible that entrepreneurs may find it simpler to make better judgements, raise the visibility of their company's performance, and boost commercial outcomes if these impediments can be reduced. The results of this study fill in some of the gaps in our understanding and provide some useful suggestions that business owners may use to improve their utilisation of management accounting data, which in turn assists their firms in expanding in a manner that is environmentally responsible.

**Keywords:** *Obtaining Information, Financial Literacy, Formal Accounting Systems, Financial Forecasting, Commercial Outcomes, Environmentally Responsible.*

### Introduction

Across the world, small companies have the power to create new jobs and revolutionise the way the researcher live the economic lives. Helping small companies grow and thrive is essential for promoting economic growth. Previous research has shown that financial planning and control are essential success factors for small enterprises. Management accounting (MA) and management accounting information (MAI) are mostly unknown when it comes to small firms, despite the fact that they play a significant role in the economy. Due to the fact that small business proprietors are frequently the sole individuals responsible for managerial responsibilities. To find the answers to their questions, researchers employ quantitative techniques. The use of MAI in small businesses has been thoroughly examined from a more holistic perspective. Resulted by merging two datasets of survey responses collected through joint projects. Regardless, this study's results show that company owners appreciate MAI and know why it's important for effective management.

Through story analysis using the MAI research approach, four distinct types of company owners were identified. A future-focused novice, a fastidious coder, an in-depth analyser, and



an unhappy slacker. Company owners from these categories have quite diverse perspectives on the role of MAI in management. Depending on the type of entrepreneur, MAI's work progresses from assisting with company growth to providing general management support and assistance with profitability evaluations. Investigating the difficulties associated with MAI services uncovered a service quality gap involving Resources. Furthermore, the way accountants and entrepreneurs view one other impacts both the quality of the MAI service and its perception (Hariyati et al., 2022).

### **Background of the study**

Entrepreneurial decision-making and company growth in today's fast-paced, competitive corporate climate are both aided by management accounting. However, incorporating management accounting is still a challenge for many business owners, especially those of SMEs. Companies in this industry often fail to take use of management accounting data, which means they miss out on chances to cut costs, evaluate performance, and set strategic objectives. Due to their intense focus on day-to-day operations, entrepreneurs often fail to allocate sufficient time and resources to accomplish their long-term goals. Under these conditions, business owners may view professional management accounting solutions as an unnecessary expense. On top of that, management accounting is a difficult and expensive method that only large companies can afford, so many startup owners may not experience its benefits. They may be unable to make use of available resources to obtain, evaluate, and incorporate financial facts into decision-making due to a lack of financial knowledge. Accounting services, software, and education may be expensive, thus many people rely on their intuition or unofficial techniques when making decisions. It could be difficult for entrepreneurs to maximise profits and company growth without accurate accounting data. Finding a happy medium between operational needs and financial planning and analysis may be difficult for firms. Under this setup, marketing, sales, and customer service take centre stage, making management accounting seem less important. Budgeting, cost analysis, and financial forecasting are all practices in management accounting that may help enhance a company's sustainability and efficiency, even if many business owners don't know how. If these problems are solved, managers will be able to use management accounting data to make better decisions, which will lead to better financial performance and the longevity of their companies. In light of resource limitations, this article examines the factors that prohibit companies from making use of management accounting data as effectively as they see fit. This article takes a look at these restrictions and offers advice on how managers might boost performance with management accounting solutions (Latif et al., 2023).

### **Purpose of the research**

This study's objective is to discover the variables that prevent firms from making optimal use of management accounting data. The focus of this research is on the challenges that result from having limited time and resources, and the research will be conducted with the intention of identifying these aspects. For the aim of assisting company owners in more successfully ensuring the long-term survival of their enterprises, improving the performance of their firms, and making decisions that are better informed, the purpose of this research is to identify these challenges and provide answers to them.

### **Literature review**

This summary is based on the literature review chapter, which was organised according to certain topics pertinent to the aims of the research that is based on the present body of



knowledge. Each piece takes a different stance when discussing the MAI phenomenon. To begin establishing the one-of-a-kind research setting, it is helpful to review the key terms relevant to this dissertation. After it comes the process of literary analysis. The goals of this research are discussed in the third chapter, which focusses on the characteristics of small organisations and how they affect the usage of management accounting information in SMEs. In addition, the most popular management accounting methods employed by SMEs and the acknowledged challenges and limitations of implementing MAI are covered to set the stage for the research problem. In this context, the researcher also study the perspective and role of accountants, as they are the major entity that small enterprises often seek MAI from. Finally, in order to better understand the shortcomings of SMEs' employment of management accounting information, MAI is also examined from the perspective of service quality theories. To better understand the nature of the challenging interaction between small business owners and their accountants, especially following the implementation of MAI, which is often marked by external accountants, the researcher was discussed service quality models. Research has shown that there is a great deal of conflict and misalignment between accounting service providers and their clients. delineate the relationship between management accounting research's domain theories and its method theories, with the latter providing a theoretical basis for investigating the former (Möller & Hietanen, 2023).

### Research question

- What is the impact of Market competition on leveraging management accounting information?

### Research methodology

#### Research design:

The quantitative data analysis used SPSS version 25. The odds ratio and 95% confidence interval were used to determine the degree and direction of the statistical association. The researchers established a statistically significant criteria at  $p < 0.05$ . A descriptive analysis was conducted to identify the main features of the data. Quantitative methods are often used to assess data collected via surveys, polls, and questionnaires, as well as data altered by computing tools for statistical analysis.

#### Sampling:

In order to contribute to the research, participants were asked to fill out questionnaires. After determining that the research sample consisted of 530 individuals using the Rao-soft tool, 600 questionnaires were distributed. Researchers received 567 responses; however, 17 were eliminated owing to incompleteness, resulting in a sample size of 550.

#### Data and Measurement:

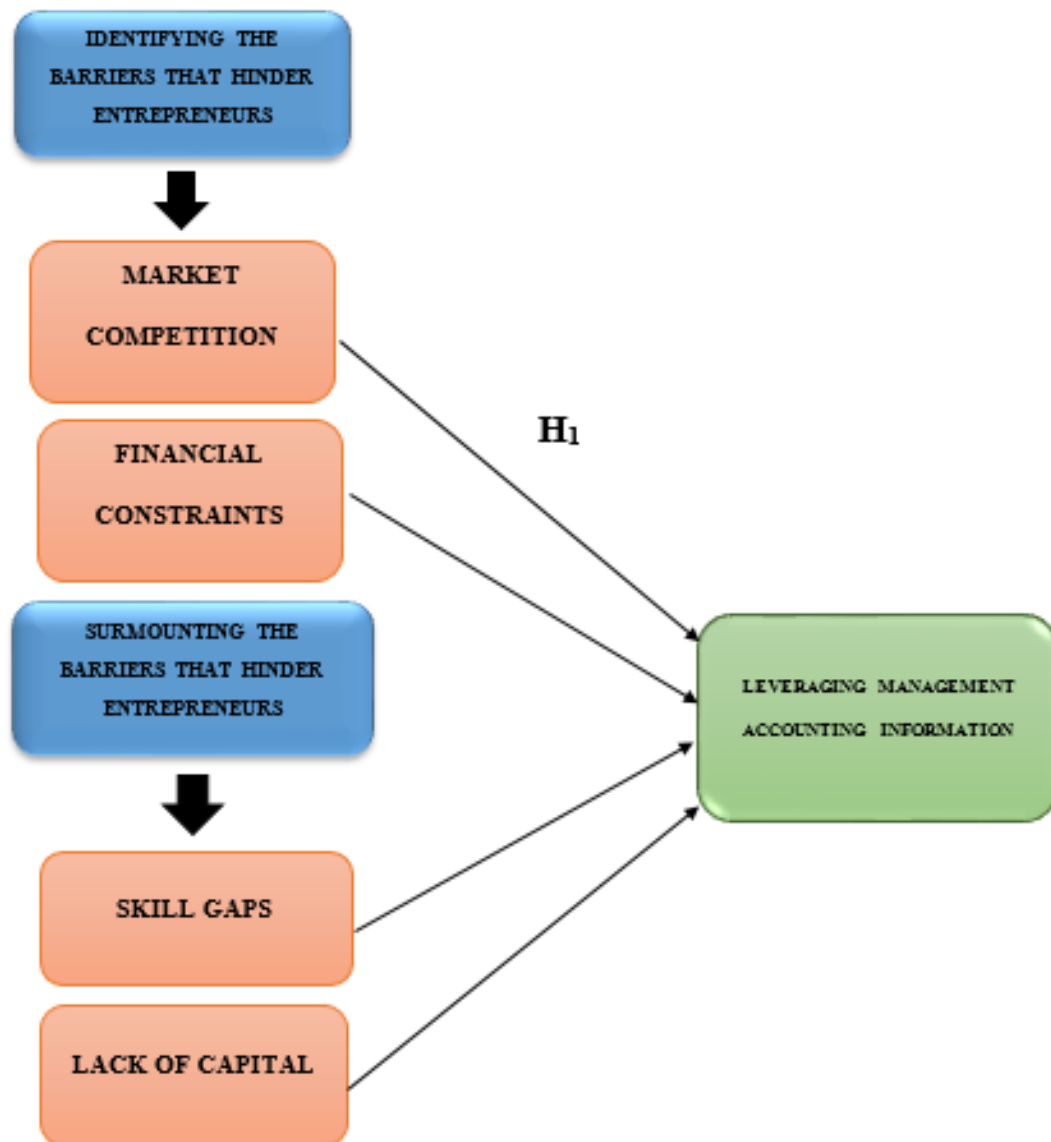
The primary method of collecting data for research was questionnaire surveys. In section A, participants were requested to provide fundamental demographic data; in section B, they were instructed to evaluate the significance of many channels, both online and offline, using a 5-point Likert scale. A diverse array of secondary sources, including online databases, was meticulously examined to get the necessary information.

**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

This establishes the validity of assertions made only for the purpose of sampling. To ensure the relevance of the correlation matrices, researchers used Bartlett's Test of Sphericity. Kaiser-Meyer-Olkin states that a result of 0.930 indicates that the sample is adequate. The p-value is 0.00, as per Bartlett's sphericity test. A favourable result from Bartlett's sphericity test indicates that the correlation matrix is not an identity matrix.

**Table 1: KMO and Bartlett's Test**

<b>KMO and Bartlett's Test</b>		
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		.930
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	3252.968
	<b>df</b>	190
	<b>Sig.</b>	.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 that hinder entrepreneurs**

When applied to the realm of entrepreneurship, the phrase "identifying the barriers that hinder entrepreneurs" refers to the process of systematically recognising and comprehending the



numerous obstacles, limits, or restraints that have a negative influence on the capacity of individuals or groups to initiate, maintain, or expand their business operations. This process is referred to as "identifying the barriers that hinder entrepreneurs." instances of the sorts of impediments that can be created by structural, economic, institutional, or human causes include problems such as a lack of access to money, insufficient infrastructure, limited education or skills, regulatory challenges, and societal or cultural norms. Furthermore, there are instances of problems that can be caused by human factors. These obstacles may also be brought about by causes that are personal in nature. If policymakers, educators, and support groups first identify these obstacles and then discover other things that stand in the way of entrepreneurial activity, they will be able to create targeted programs that will reduce the negative effects of these obstacles and increase the amount of entrepreneurial activity (Doan & Bonifai, 2022).

- **Surmounting the barriers that hinder entrepreneurs**

This sort of attempt encompasses the strategic identification, analysis, and eradication of hurdles that inhibit the beginning, growth, and sustainability of entrepreneurial activities. These obstacles can be found in a variety of forms. There is a possibility that overcoming the challenges that entrepreneurs face is a component that is believed to be crucial to the process. It is important to overcome a number of challenges in order to realise the full potential of this strategy. These issues include restricted access to financial resources, poor infrastructure, onerous regulatory requirements, and socio-cultural obstacles. For entrepreneurs to be successful in overcoming these problems, it is feasible for them to execute specific interventions and develop ecosystems that are supportive of their activities. This will allow them to be successful in overcoming these challenges. The result of this will be an increase in their chances of being successful, which will, in turn, contribute to the growth of the economy (Agrawal et al., 2024).

- ❖ **FACTOR**

- **Market competition**

Market competition is the rivalry of companies in the same sector aiming to attract customers, increase sales, and enlarge market share. The fact that economic systems foster efficiency, creativity, better quality goods and services, and competitive pricing makes them among the most important features. Included among the several forms of market structures included in the concept of market competition are perfect competition, monopolistic competition, oligopoly, and monopoly. Every structure reflects different degrees of competitiveness depending on the number of businesses, degree of product diversity, and simplicity of entrance and departure from the market. Perfect competition in a market results in numerous small firms providing the same goods and no one company can influence the cost of those products. Conversely, monopolistic competition is distinguished by a great number of vendors offering unique products, which eventually provides every seller some degree of pricing control. The limited number of leading companies that define oligopolistic markets sets them apart from others; their decisions are linked and usually lead to different kinds of strategic activity, including price matching. The hallmark of a monopoly is the one entity controlling the whole market. Lack of competition might lead to higher prices and less innovation as it reduces the incentive (Siddiqui, 2023).

- ❖ **DEPENDENT VARIABLE**

- **Leveraging management accounting information**

The process of using the information that is provided by management accounting systems in order to direct decision-making, enhance organisational performance, and provide support for long-term business objectives is referred to as "leveraging management accounting information." This expression is used to define the strategic utilisation of data that is obtained





from management accounting systems, which includes both financial and non-financial information. As a means of accomplishing this, it is essential to include the results generated from cost analysis, budgeting, forecasting, and performance evaluation into the processes of planning and control. The managers will be able to make decisions that are in accordance with the strategic goals of the company as a result of this. Increasing an organization's capacity to boost its efficiency, competitiveness, and agility in a business environment that is always changing may be accomplished by the appropriate utilisation of this information (Kumar, 2023).

- **Relationship Between Market Competition and Leveraging Management Accounting Information**

The basis upon which the relationship between market competitiveness and the use of management accounting information is created is the need of organisations to keep their efficiency, responsiveness, and strategic focus in environments that are competitive. The growing degree of market competitiveness is forcing companies to enhance their internal policies and decision-making processes in order to either maintain or enhance their status in the market. Management accounting information becomes an indispensable tool in this environment as it offers important insights on both financial and non-financial data needed to support operational control, strategic planning, and performance assessment. In very competitive markets, companies must be agile to change their pricing policies, control their costs, project demand, and deploy their resources. Management accounting provides the analytical foundation upon which these decisions are based when it delivers complete cost information, variance analysis, budgeting forecasts, and performance reports. This data helps managers to quickly adjust to outside events as changes in consumer demand, scientific discoveries, or competition conduct. It also clarifies for managers the financial consequences of their decisions, which they may apply to guide their choices. Furthermore, management accounting systems enable companies to track and assess relevant performance measures in keeping with their strategic objectives. Performance measurement in a very competitive market calls for not only past performance evaluation but also future improvement emphasis on which will be placed. By applying methods such as balanced scorecards, activity-based costing, and standard costing, companies may evaluate the efficiency and effectiveness of many departments, systems, and products. This helps one to make better decisions on investments, control expenses, and resource optimization—all of which are vital given competitive pressure (Muttaqin, 2022).

Based on the above discussion, the researcher generated the following hypothesis to examine the link between Market Competition and Leveraging Management Accounting Information.

- ***“H<sub>01</sub>: There is no significant relationship between Market Competition and Leveraging Management Accounting Information.”***
- ***“H<sub>1</sub>: There is a significant relationship between Market Competition and Leveraging Management Accounting Information.”***



Table 2: H<sub>1</sub> ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	219	5655.609	1082.413	.000
Within Groups	492.770	330	5.225		
Total	40081.390	549			

The results will be noteworthy in this research. With a p-value of .000 (less than the .05 alpha level), the value of F, which is 1082.413, approaches significance. Thus, it follows that, "***H<sub>1</sub>: There is a significant relationship between Market Competition and Leveraging Management Accounting Information.***" is accepted and the null hypothesis is rejected.

### Discussion

The findings of this study help to clarify the intricate relationship between the degree of market competition and the ability of companies to apply management accounting information (MAI). With market competitiveness acting as a contextual component that alters the link between the identification and removal of obstacles that impede entrepreneurs and their capacity to make efficient use of MAI, specifically this research aims to investigate how these two elements interact. To keep their viability and profitability in very competitive markets, entrepreneurs must make choices faster and grounded on facts. The nature of this environment naturally increases the need for accurate and quick financial and operational information, which management accounting systems strong may help to provide. Nonetheless, the results of the study indicate that there are certain factors that quite hinder companies from using these technologies. Among these challenges include poor financial literacy, limited access to qualified accounting professionals, opposition to change, and the belief that management accounting technologies are difficult to use. The first important step is to understand the internal and external obstacles preventing entrepreneurs from including MAI into their strategic and operational decision-making procedures. This lets businesses owners see their own issues. Whether it is by means of simpler accounting technology, the development of capacity, or the search of professional assistance, it has been shown that a higher degree of MAI utilisation is tightly associated with the act of overcoming these impediments. This implies, then, that overcoming internal constraints and resource limitations is not only necessary but also realistic as the entrepreneurs are assisted by tailored interventions including training, advising services, and simple to use technology tools.

### Conclusion

The results of this study show that market competitiveness has a significant moderating effect in the link between the capability of entrepreneurs to recognise and overcome obstacles and their capacity to make use of management accounting information. Those who run businesses in very competitive environments must not only admit the internal and external challenges that prevent their use of MAI but also actively implement strategies to go above these constraints. Whether or not the pressure exerted by market forces serves as an impediment or an incentive depends on the degree of adequate control these obstacles provide. The study shows that although management accounting has great potential to improve the profitability of companies and the decision-making process of entrepreneurs, the benefits of it are not always instantly appreciated. The deliberate actions entrepreneurs take to identify and remove the constraints they encounter in their company help them to maximise the possibilities of management





accounting. Policymakers, teachers, and companies that support entrepreneurs must thus focus their efforts on establishing environments that not only teach entrepreneurs about micro, small, and medium-sized enterprises (MSMEs), but also help them negotiate the challenges brought about by market competitiveness.

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