



## AN INVESTIGATION ON RECOGNISING AND OVERCOMING THE OBSTACLES THAT PREVENT ENTREPRENEURS FROM UTILISING MANAGEMENT ACCOUNTING INFORMATION

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### ABSTRACT

Regarding wise decisions, efficient resource allocation, and ensuring the long-term viability of a company, management accounting provides rather helpful data. Many firms still find it challenging to implement even if it presents a lot of possible benefits. The main goal in doing this study was to identify the challenges faced by company owners trying to fully use management accounting. People have low degrees of financial literacy and find it challenging to grasp management accounting, its significance and benefits included. Misunderstandings make people find management accounting difficult to grasp. Financial worries might be the reason for entrepreneurs' fear to use specialists or implement accounting practices. Small enterprises in particular should bear this especially true. Many business owners delay the use of formal accounting systems out of worry that they would exhaust their resources since the daily operations of their companies have natural importance. Though these techniques should be used more often, there are times when companies place more importance on fulfilling immediate operational needs than on applying management accounting techniques such as budgeting, financial forecasting, and cost analysis. To be effective in overcoming these obstacles, the researcher must inform individuals, streamline accounting processes, and show them how particular habits will save costs over time. Eliminating these challenges will allow company owners to improve the performance of their company as well as their capacity for visibility of performance and decision-making ability. This study aims to close knowledge gaps in management accounting and its uses, therefore enabling company owners to apply this knowledge to support the long-term survival of their companies.

**Keywords:** *Efficient Resource Allocation, Financial Literacy, Implement Accounting Practices, Financial Forecasting, Streamline Accounting Processes, Management Accounting.*

### Introduction

The economy may be shaken up and new employment can be created everywhere if mom-and-pop shops in the neighbourhood are successful. Improving economic growth requires providing assistance to small businesses so that they can expand and achieve success. It has been demonstrated in previous studies that small firms who are interested in expanding should place a high priority on financial planning and management (Perren & Grant, 2023). Although they have a substantial influence on the economy, there is a lack of knowledge on the degree to which management accounting (MA) and management information (MI) are utilised by small businesses. Due to the fact that small business owners are frequently the only decision-makers in the management team, the utilisation of management accounting information (MAI) is dependent on the owner's own comprehension and perspective on the data. Collaborative activities have integrated two datasets in order to present a more comprehensive picture of the utilisation of MAI in small businesses from a more comprehensive perspective. In spite of this, the findings of this study indicate that business owners place a high value on MAI and acknowledge its essential to effective management. In the course of the investigation of narratives, the application of MAI led to the discovery of four unique categories of business owners. Beginners are those who are new to programming, who are fussy, who analyse everything extensively, and who are sad couch potatoes. These are the people who are



considered to be long-term. Owners of businesses that fall into these categories have different opinions on the most effective strategy to utilise MAI in management.

MAI specialises on either assisting with the expansion of the firm or providing general management and profitability assessments, depending on the type of entrepreneur having the experience. In the course of the investigation into the problems with the MAI service, a "Limited Time and Resources" service quality gap was discovered. The way in which businesses and accountants see one another is another factor that influences MAI and how the general public perceives it. In order to find solutions to their issues, scientists employ quantitative methodologies.

### **Background of the study**

Entrepreneurial decision-making and firm growth in today's competitive corporate climate are both aided by management accounting. However, management accounting remains a challenge for many business owners, particularly those running smaller enterprises. Corporations in this industry lose out on cost-cutting possibilities, performance evaluations, and goal-setting chances due to a lack of proper management accounting data utilisation. Many entrepreneurs fail to achieve their long-term goals because they are too preoccupied with day-to-day operations (Nandan, 2023). Professional management accounting solutions may appear like a frivolous expense to business owners in such a situation. In addition, management accounting has numerous benefits, but many small business owners may not use them because they view it as an expensive and complicated instrument that only large corporations can afford. They might not be able to gather, evaluate, and use financial facts for decision-making since they don't comprehend finances (Sian & Roberts, 2023). Many rely on their gut feelings or informal ways of decision-making because of the high expense of education, software, and accounting services. It could be difficult for entrepreneurs to maximise profits and company growth without accurate accounting data. It could be difficult for businesses to find a happy medium between financial planning and analysis and operational planning and analysis. Management accounting appears to have less sway under this setup, with marketing, sales, and customer service taking centre stage. Even though many business owners don't know where to start, management accounting techniques like budgeting, cost analysis, and financial forecasting may help their firm become more sustainable and efficient. Fixing these problems would allow managers to make better decisions based on management accounting data, which would boost financial performance and guarantee the long-term viability of their companies. This study explores the factors that hinder firms from making full use of management accounting data, considering their limited resources.

### **Purpose of the research**

This research aims to uncover the factors that prevent businesses from using management accounting data when it is required, with a specific emphasis on the challenges that are brought about by restricted time and resources. The research will be conducted in order to accomplish this goal. The purpose of this investigation is to determine the nature of these problems. To enable business leaders to improve the performance of their companies, better their decision-making processes, and ensure the long-term success of their organisations, the purpose of this study is to identify these challenges and propose answers for them. The study's mission is to give solutions for these challenges.



## Literature review

In order to present this synopsis, the literature review chapter is structured in accordance with certain themes that are relevant to the study's objectives, which are grounded on previous research. Each article presents a different angle on the MAI phenomena. Reviewing the essential terms pertinent to this dissertation is the first step in creating the one-of-a-kind study place. The following step is analysing the text literary style (Mitchell et al., 2023). In Section 3, the study's objectives are outlined. One of the aims is to have small and medium-sized enterprises (smes) talk about what makes them unique and how those traits impact how they use management accounting data. To provide the groundwork for the study's core topic, (Lavia López et al., 2023) also covers the most popular management accounting systems used by smes and the acknowledged problems and limits of applying MAI. Due to their status as small businesses' principal source of MAI, accountants' perspectives and roles are also explored in this context. Finally, in order to fully grasp the limitations of smes' utilisation of management accounting information, MAI is analysed via the prism of service quality theories. Service quality models are discussed to help understand the nature of the difficult relationship between accounting service providers and users, which is particularly relevant for small businesses that typically receive MAI from external accountants. Studies show that there is a lot of tension and a lack of communication in this relationship. When doing research for an MA, domain theories and method theories both have their uses. The latter is used to examine the former via a theoretical lens (Bhimani & Willcocks, 2024).

## Research question

- What is the impact of skill gap 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:

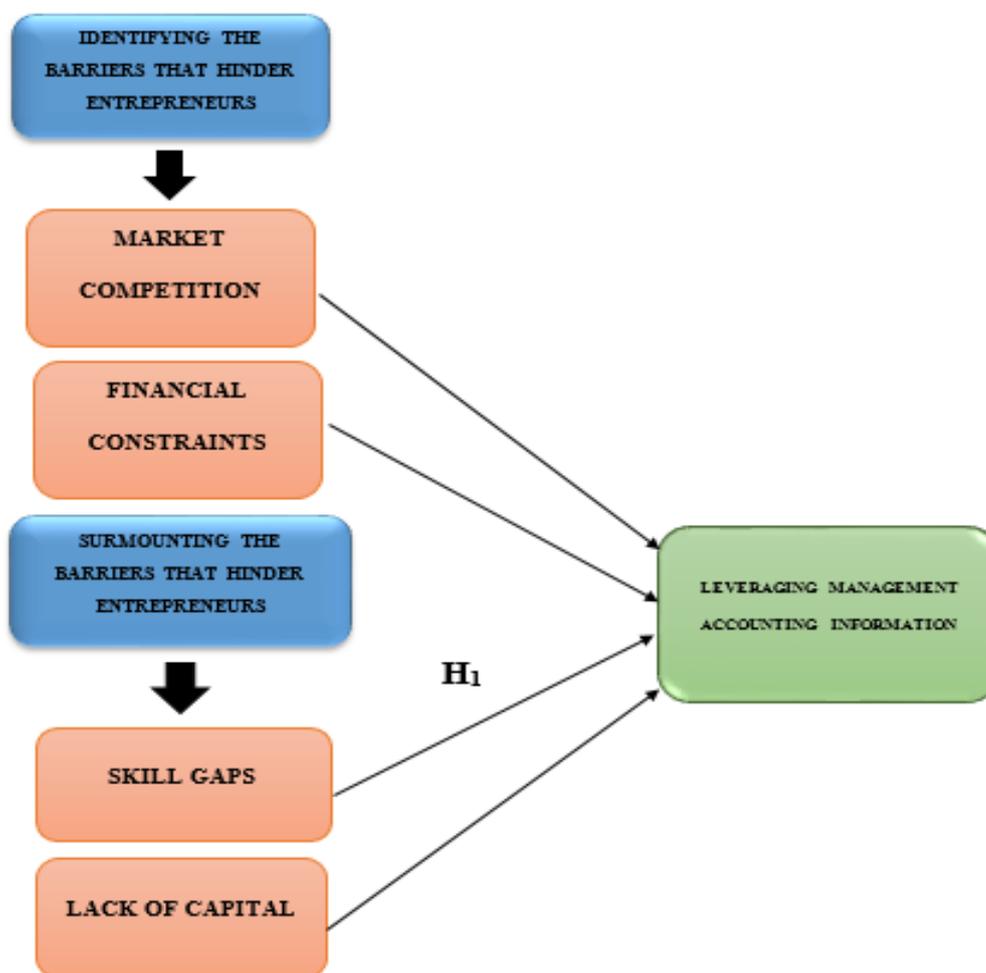
The primary method of collecting data for research was questionnaire surveys. In section A, participants were requested to provide fundamental demographic data; in section B, they were instructed to evaluate the significance of many channels, both online and offline, using a 5-point Likert scale. A diverse 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 field 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 can be done in a systematic manner. It is referred to as "identifying the barriers that hinder entrepreneurs." Some examples of the types of impediments that can be created by structural, economic, institutional, or human causes include problems such as a lack of access to money, inadequate infrastructure, limited education or skills, regulatory challenges, and societal or cultural norms. Impediments can also be created by human causes. Moreover, there are situations in which human factors might be the root cause of the problem. There is also the possibility that these challenges are brought about by factors that are of a personal character. Policymakers, educators, and support groups will be able to create targeted programs that will reduce the negative effects of these obstacles and increase the amount of entrepreneurial activity if they first identify these obstacles and then discover other things that stand in the way of entrepreneurial activity. This will allow them to create programs that will increase the amount of entrepreneurial activity (Mitchell et al., 2023).

- **Surmounting the barriers that hinder entrepreneurs**

When an endeavour of this nature is made, it involves the strategic identification, analysis, and elimination of obstacles that impede the initiation, growth, and sustainability of entrepreneurial activity. The manifestations of these impediments might take many different shapes. There is a potential that one of the components that is considered to be essential to the process is making it possible for entrepreneurs to triumph over the obstacles that they encounter. For the purpose of realising the full potential of this technique, it is essential to triumph over a number of obstacles. A few examples of these problems are limited access to financial resources, inadequate infrastructure, stringent regulatory requirements, and socio-cultural barriers. In order for entrepreneurs to be successful in overcoming these challenges, it is possible for them to carry out certain interventions and establish ecosystems that are sympathetic to the activities that they engage in. For this reason, they will be able to triumph over these obstacles and achieve their goals. The end effect of this will be an increase in their chances of being successful, which will, in turn, contribute to the expansion of the economy at large (Perren & Grant, 2023).

- ❖ **FACTOR**

- **Skill Gap**

A skill gap may be defined as the quantifiable difference that exists between the abilities that are essential to effectively do a job and the skills that individuals who are already engaged in the workforce actually possess. This skill gap is one definition of a skill gap. There is a vacancy that occurs when individuals do not possess the essential competencies to meet the needs of their current or future positions. These competencies may include technical knowledge, digital literacy, the capacity to solve problems, communication skills, or leadership abilities. It is possible for this discrepancy to manifest itself on a range of levels, including the level of individual workers, the level of entire organisations, the level of sectors, and even the level of national labour markets. There are a variety of factors that typically contribute to the presence of skill gaps. These factors include rapid technological innovation, automation, changes in industrial practices, shifts in consumer demand, and mismatches between the curriculum of schools and the demands of the market. In the case of digital tools and artificial intelligence, for example, there has been a surge in the demand for new technical and analytical talents. This demand has been growing. On the other hand, a sizeable percentage of workers could still be educated in methods that are no longer applicable, or they might not have access to opportunities to enhance their abilities (Ghasemi et al., 2024).

- ❖ **DEPENDENT VARIABLE**

- **Leveraging management accounting information**



Leveraging management accounting information is the process of using the information that is supplied by management accounting systems in order to influence decision-making, boost organisational performance, and offer support for long-term company objectives. This process is referred to as "leveraging management accounting information." This term is used to characterise the strategic utilisation of data that is collected from management accounting systems. This data comprises both financial and non-financial information since it is obtained from management accounting systems. The incorporation of the outcomes that are produced by cost analysis, budgeting, forecasting, and performance assessment into the planning and control procedures is a key step in the process of achieving this goal. As a consequence of this, the managers will be in a position to make decisions that are in line with the strategic objectives of the organisation. The effective utilisation of this information has the potential to increase an organization's capacity to raise its efficiency, competitiveness, and agility in a business environment that is always changing. This may be achieved by using this information in the appropriate manner (Chen & Wang, 2023).

- **Relationship Between Skill Gaps And Leveraging Management Accounting Information**

In the present corporate climate, which is marked by a high pace and continual change, the relationship between the lack of accessible skills and the use of management accounting information is becoming an increasingly critical aspect. This is because the current environment is characterised by both of these characteristics. When firms are trying to enhance their decision-making and strategic planning processes, it is of the utmost importance that they make optimal use of the information that management accounting delivers in an effective manner. This is of the utmost relevance. On the other hand, the fact that there is a shortage of trained personnel, particularly in disciplines like as data analytics, digital literacy, and strategic thinking, may impede the most effective use of this information. This is a potential obstacle. Professionals who do not possess these competences may have difficulty evaluating complicated financial data, which will hamper their capacity to deliver important insights and help in the process of making informed decisions. It is probable that these professionals lack the ability to analyse complex financial data. It is vital for companies to address these skill shortages by putting in place efforts that are explicitly targeted towards training and development in order for them to be able to properly utilise management accounting information. This is because it is essential for businesses to implement these initiatives (Alsughayer & Alsultan, 2023).

Based on the above discussion, the researcher generated the following hypothesis to examine the link between skill gaps and leveraging management accounting information.

- *“H<sub>01</sub>: There is no significant relationship between Skill Gaps and Leveraging Management Accounting Information.”*
- *“H<sub>1</sub>: There is a significant relationship between Skill Gaps 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	180	5655.599	1058.308	.000
Within Groups	492.770	369	5.344		
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 1058.308, approaches significance. Thus, it follows that, "***H<sub>1</sub>: There is a significant relationship between Skill Gaps and Leveraging Management Accounting Information.***" Is accepted and the null hypothesis is rejected.

### Discussion

With an emphasis on two primary independent variables—identifying the challenges facing entrepreneurs and removing those obstacles—this article investigates the significant subject of how the skill gap among entrepreneurs affects their capacity to use management accounting information (MAI). Using MAI as the dependent variable, the performance evaluation, strategic planning, and decision-making assistance of accounting data illustrates how successfully companies may employ it. The paper mostly tackles how a lack of relevant knowledge—such as financial literacy, analytical thinking, and familiarity with accounting tools—acts as a key obstacle in this environment. The results reveal that a competency gap influences not just the early adoption of MAI but also the depth and consistency with which businesses interact with it. Lack of fundamental understanding of basic management accounting principles causes entrepreneurs to find it difficult to evaluate financial data, implement cost control measures, or bring budgeting into operational planning. From this deficiency follows poor decision-making, inefficiency, and wasted potential for strategic advantage. Acknowledging the talent disparity is absolutely essential for settlement. Knowing their limitations, business owners are more likely to seek for advice from training, mentorship, or employing professionals. Identification is insufficient, though. Directly affects the degree to which MAI can be used: collaborative projects, proactive learning, or outside knowledge access helps one close the skill gap. The process of surmounting these skill-based obstacles also shows substantially enhanced MAI utilisation. Effective closure of the skill gap by entrepreneurs indicates faster use of accounting tools, more trust in financial analysis, and strategic planning including of data. From these behavioural changes, better long-term sustainability, resource allocation, and financial management ensue.

### Conclusion

The results of this study help one to realise that a major obstacle to effectively using management accounting information is the lack of skills among entrepreneurs. Improving the use of MAI in the decision-making process of businesses depends on one being able to spot and close this discrepancy. Although the identification of the challenges resulting from inadequate skills is a basic basis, significant change can only come from entrepreneurs actively participating in the process of overcoming these obstacles by means of education, teamwork, or assistance from outside-of-control companies. The skill gap is significant as management accounting is not a passive tool but rather requires interpretation, strategic application, and ongoing engagement. By means of addressing their skill gaps, business owners may acquire more robust decision-making capacity, improved financial management, and a better understanding of the financial situation of their company. Therefore, governmental agencies, companies that assist companies, and educational institutions should give bridging the talent gap first importance. Entrepreneurs may fully realise MAI by means of initiatives meant especially to raise their financial literacy, data interpretation, and practical accounting system use. Ultimately, reducing the talent gap not only ensures the success of individual entrepreneurs but also helps small and medium-sized firms to flourish and be sustainable, thereby supporting the general economic development by means of their expansion.



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