

MANAGERIAL ACCOUNTING AS A DRIVER OF FINANCIAL PERFORMANCE AND SUSTAINABILITY IN SMALL AND MEDIUM ENTERPRISES IN PAKISTAN

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Abstract

The principal objective of the study is to examine the impacts of financial and sustainable performance of small and medium-sized businesses (SMEs) and how management accounting practices influence them. The quantitative research design was used and the primary data was obtained among 412 participants working in agriculture sector of Pakistan. The analysis of results was carried out on the SMART PLS software. The analysis by reliability showed that there was acceptable internal consistency as the values of Cronbach alpha varied between 0.62 and 0.89. Confirmatory factor analysis showed the adequacy of the model with a rather large chi-square/df ratio, and discriminating validity presence demonstrated that the constructs differed. In further regression results, costing practices were found to have the highest impact on financial performance (beta = 0.754; $p < 0.001$) and sustainability (beta = 0.771; $p < 0.001$), and then budgeting practices, which were also statistically significant with positive coefficients. The impact of decision support systems on financial performance was also positive ($\beta = 0.575$, $p = 0.013$) though not significant on sustainability ($p = 0.131$). All in all, the findings indicate a small but still positive and important correlation between the management accounting practices and small and medium business performance. This study is important because SMEs constitute about 90 percent of businesses in the world and it is one of the biggest employers. Implementation of the management accounting in the SMEs will not only improve financial results, it will also help make sustainability viable in the long-term improvements in efficiency and resilience.

INTRODUCTION

The management accounting practice with regard to the organisation is to provide it with support and support to the extent that the business is able to compete and exist in volatile business environment. The management accounting usage also assists the organisation in making managerial decision and also in enhancing their working behaviour to the extent that there is high probability of the business achieving

their strategic and corporate goals (Alvarez et al., 2021; Aurangzeb et al., 2021). The business is also concerned about management accounting as this assists it in finding its internal requirement and taking remedial measures to correct its managements activities. What this means is that the business can enhance its operation and financial reporting using the management accounting. This is especially critical

in the case of SMEs because it will assist in transitioning beyond its traditional financial accounting practices and choose the management accounting techniques, too (Abu-Matar, 2025).

This can largely be attributed to the capability of the management accounting to stay in collusion with the past information, and the capacity to make decisions regarding its present nature of financial issues and state. They are ownership, taxation, investment, credit granting, etc. (Akter, 2020; Asif et al., 2022; Yahaya, 2019). Contrarily however, there also exists a critique towards the disclosed fact that when it comes to key financial performance of any given business in terms of value added, sales, and capital expenditures, then it is the financial accounting techniques that are favoured over the rest. This must be evaluated by technical indicators like the stock market fluctuation which gives an idea as to the measure of performance of an organisation. The limitation Yahaya, (2019) study does indicate is that the principles of management accounting have not been evaluated at a large scale in the context of Nigerian SMEs. On the same note, Lukumay and Wako, (2018) as well addressed implications of management accounting and identified that management accounting has not been discoursed and applied in the wider scope of the Tanzania SME setting.

The absence of literature on the subject of management accounting in these markets emphasizes that there is a lack of knowledge and insights about the methods of management accounting and its significance in the SMEs. Nandan, (2010) confirms this lack of perception in the management accounting concepts and its theories is deterring the accounting information and thereby affecting the performance of the SMEs even further. The same has also been noted in a newer version i.e. in Najera and Collazzo, (2021) study when the importance has been evaluated in the Mexican sector. The paper described that the SMEs are implementing the practice of management accounting due to the business structure as the SMEs utilise one owner manager mostly.

It is beneficial in enhancing business performance since management accounting would enable the development of relevant policies and programs, and the accessibility of information is quite easy. In its research Karagiorgos et al. (2020) also points out that management accounting principles in the SMEs are

significant due to the numerical prevalence of SMEs. Through management accounting; these types of business enterprises can enhance its accounting and financial transparency and to ensure that the business is in a position to both maximise on its profits and sales margin.

To reiterate on the management accounting; it is noted that it is extrinsically valuable to SMEs as it can enhance its business activities through lowering its expenses. This will be done through listing the areas that rack up more expenses and can trigger the business to come up with more effective cost control strategies. This is a key factor as the management accounting assists in enhancing the business planning as well as control over its expenditure and budget that can be utilized under cost volume profit analysis. Huerta et al (2017) argue that management accounting practices can provide such opportunities to SMEs in terms of competing in the business environment (Asif et al., 2025; Clement, 2022; Vărzaru et al., 2022). The business may also be able to offer competitive prices on par with the large enterprises counterpart through management accounting techniques.

The issue that has been seen in the topic is that there is scanty literature on management accounting methods employed in promoting and enhancing sustainability in SMEs. The socially and environmentally imposed effect on a business operation and the position which the management accounting can record are, also, lacking in the richness of literature to substantiate its assertion. That is,; how management accounting can facilitate sustainability and take advantage of the business performance remains unexplored and researched in detail. As stated by Ali et al. (2020), the identified problem of its study was lack of knowledge and awareness of management accounting techniques and the benefit that it has to offer. Since the business has a centralized structure, management accounting methods are rarely employed in the SMEs because employee choices are being determined by the management. This is believed to be efficient in the sense of comprehending the management accounting process and to analyse its performance in the context of performance and sustainability. The objective of the research is to study the connection between management accounting and

sustainability and financial performance of a business. Following are the research questions:

1. What is the role of managerial accounting in a business's sustainability?
2. What is the role of managerial accounting in a business's financial performance?

Literature Review

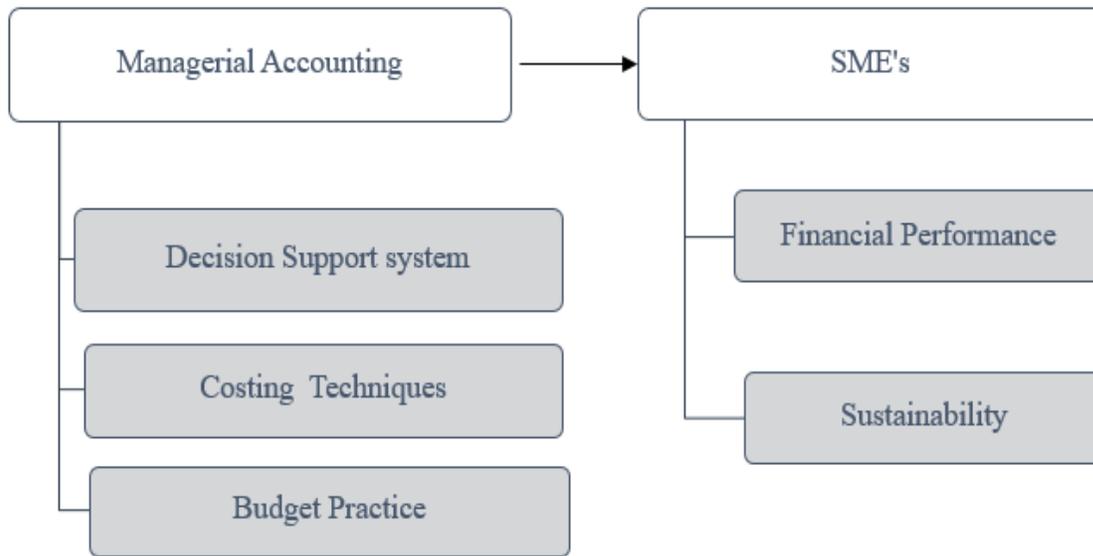
One of the issues that have attracted attention in the past few years' concerns management accounting due to the importance of the role of management accounting in fulfilling the goals of the business as well as making sure that its operation is streamlined. Here; the SMEs have grown considerably and they represent about 90 percent of all businesses in the world (World Bank, 2019). The SMEs also offer total percentage employment of 50 percent and plays a very critical role in generating employment as well as enhancing the global economic growth. It is also noted that SMEs make up a minimum of 40 percent of GDP in the developing economies and that by 2030 they are likely to generate an extra 600 million employment opportunities (World Bank, 2019). Such massive contribution; the SMEs have been deemed as being essential and important towards harnessing economic growth and can absorb a larger number of employees. Based on the statistics; application of management accounting methods is of utmost significance since SMEs are seen to be in a favourable position to standardize management accounting methods (Dasanayaka et al., 2021; Hasan et al., 2024). The ignorance and due diligence of such accounting methods have been deemed as negative because it is not being utilized and a conventional approach is being favoured in the sense of financial accounting. Razak et al. (2023) find that management accounting includes the financial and the non-financial information, which is significant and vital to the organisation. This is especially relevant to the SMEs context given that the methods in management accounting can be advantageous to it in terms of budgeting, costs, etc (Boakye et al., 2020; Mumtaz et al., 2023). Such programs are said to be effective in providing support to the areas of planning, controlling and targeting spends of the business in the

sense that the business operations could be streamlined.

One of the key areas the SMEs are considered in analysing and enhancing through the management accounting approach is the sustainable capability and its performance. According to Purag et al. (2018) the definition of sustainability through management accounting is innovative methods which could be utilized in SMEs that is associated with their operations such as their recycling policies. This not only assists in enhancing their operational efficiency but also serves to ensure that the SMEs can boost its productivity and also generate value to its consumers. Message accounting methods assists the business come up with innovative methods to introduce sustainability and to psychologically handle the fiscal challenges and concerns that exist inside the business. These kind of principles of accounting can be useful in giving impetus to its pursuit of its business dealings keeping in mind the environment and its social effects too. This involves finding and establishing sustainable values in the SMEs and encouraging them to make wise and correct decisions (Pedroso & Gomes, 2020). On this note; the SMEs are also said to stand much to understand, in this case, concerning management accounting technologies and to apply it regularly to its operations.

The decision to adopt sustainability has been said to be important to the business as it assists the business not only to focus on its stability but also enhance its long term financial success. The other need that is involved in making management accounting is to enhance visibility in the corporate business environment and to make sure that the company can undertake its business activities with relative ease. The same applies to the management, as the management accounting principles are deemed to be effective in dealing with its operational issues because the budgetary methods have the capability of planning and controlling its spendings. This assists in decision making geared toward enhancing its financial with the help of management accounting services toward meeting its corporate goal.

Figure 1 Theoretical Framework



This application of management accounting methods are regarded to be significant and novel to the SMEs to make sure that no disharmony occurs in its outcomes, and to be assured that its reporting is seen to be transparent and precise. This is deemed significant because its potential investors would have reviewed its financial statements, thereby, enabling them to embark upon investing with relative ease and efficiency respectively. The literature also indicates the SMEs can share and leverage their influence in applying technology to enhance their management accounting skills and to make sure that no discrepancy level will be raised.

Research Methodology

The research design preselected is quantitative in character because there is a need to use a numeric value in calculating the results. This is due to the issue of the topic that necessitates a numeric response and experiments in this study. Quantitative research design has relevance in the study as it assists in determining the connection between the variables. This kind of research design is effective in the process of analysis and consequent discussion because quantitative research design assists in answering the formulated objectives and questions. The research also leaves the researcher free of research findings. The principal argument in support of having the researcher separate to the research refers to the realization that the research is cantered primarily on

the findings it garnered (Chali et al., 2022). Such discretion can only be offered in a quantitative research design because it is concerned to avail and deduce objective inferences and it comments on its findings. To this end, a first-hand source of data assembly is favoured. This would play a significant role during the quantitative research design as it assists in enhancing findings and further explanation of the research design. The main sources involve a survey questionnaire undertaken to the participants and asked the key issues noted in the study, and also guaranteed that there is substantial information and data gathered towards the results of the study. Use of participants in this case; will be crucial in that their knowledge-able views are considered to be up-to-date and not dependent on past patterns.

Such information is relevant to the present study as far as the questions asked may produce some relevant findings and can be exposed to a critical debate. The current study also requires the use of a primary source i.e. the conducting of surveys as it can enhance its performance and as well as be in a position to ascertain whether correct and up to date information is captured in abundant amounts. This is among the key requirements of the research since it aims at identifying and differentiating the relationship between the variables and to determine the major factors that are affecting its results with relative convenience. This can be counted with the objectives

of the research as well as whether it is covering its hypotheses or not respectively.

The method of data analysis selected to use in the study entails the implemented SMART PLS to be applied when determining the relationship and

Results

correlation of the variables. The tests that will be employed in this project shall be the descriptive statistics, correlation and regression.

Table 1

Reliability Statistics

Construct	Cronbach's Alpha (Standardized)	Cronbach's Alpha (Unstandardized)	Composite Reliability (pc)	Average Variance Extracted (AVE)
Budgeting Practice	0.656	0.603	0.677	0.552
Costing Techniques	0.894	0.894	0.892	0.686
Decision Support System	0.636	0.597	0.755	0.652
Financial Performance	0.748	0.727	0.765	0.560
Sustainability	0.938	0.938	0.936	0.768

The data given in Table 1 indicates that every construct has acceptable reliability and validity levels. The Cronbach alpha value of majority of constructs is above the suggested cut off point (0.70) which is considered good internal consistency. Decision Support System (alpha = 0.636) in particular lies just below the line but since it has composite reliability of 0.755 it should be considered median reliability. Another statement such as Budgeting Practice (alpha = 0.656) stays still below this upper threshold, but its score is also close enough so it can be regarded as a moderate reliability indicator as well given the acceptable composite reliability rating (0.677). The internal consistency is high in Costing Techniques

(alpha 0.894), Financial Performance (alpha 0.748) and Sustainability (alpha 0.938). The values of composite reliability are higher than 0.70 in all constructs thus again, construct reliability is confirmed. Also, all the values of the Average Variance Extracted (AVE) higher than 0.50 suggest that each construct measures greater than half the variance of the indicator items and therefore, support convergent validity. In summation, the reliability and validity of the measure model are satisfactory with just slight concerns regarding Budgeting Practice and Decision Support System that still fall within admissible boundaries.

Table 2

Parameter Estimates for Measurement Model

Item	Parameter Estimate	Standard Error	t Value	p Value
BP1 ← Budgeting Practice	1.000	n/a	n/a	n/a
BP2 ← Budgeting Practice	4.152	1.360	3.207	0.002
BP3 ← Budgeting Practice	4.082	1.298	3.303	0.002
CT1 ← Costing Techniques	1.000	n/a	n/a	n/a
CT2 ← Costing Techniques	1.213	0.069	18.262	0.000
CT3 ← Costing Techniques	1.077	0.068	16.536	0.000
DSS1 ← Decision Support System	1.000	n/a	n/a	n/a
DSS2 ← Decision Support System	0.601	0.240	2.620	0.014
DSS3 ← Decision Support System	0.105	0.069	1.591	0.138

Item	Parameter Estimate	Standard Error	t Value	p Value
FP1 ← Financial Performance	1.000	n/a	n/a	n/a
FP2 ← Financial Performance	1.729	0.221	8.246	0.000
FP3 ← Financial Performance	1.679	0.214	8.237	0.000
S1 ← Sustainability	1.000	n/a	n/a	n/a
S2 ← Sustainability	1.019	0.048	22.101	0.000
S3 ← Sustainability	0.954	0.047	21.440	0.000

Table 2 offers information on the magnitude and the nature of associations between observed indicators and referring latent constructs in terms of the parameter estimates. Budgeting Practice, BP2 (estimate = 4.152, $t = 3.207$, $p = 0.002$) and, BP3 (estimate = 4.082, $t = 3.303$, $p = 0.002$) provide statistically significant indicators of meaningful contributions to the construct. One of the standard procedures in structural equation modelling was to fix BP1 at 1.000 as a reference indicator.

The loadings of the factors are very robust in Costing Techniques. CT2 (estimate = 1.213, $t = 18.262$, $p < 0.001$) and CT3 (estimate = 1.077, $t = 18.536$, $p < 0.001$) are significant and reliable indicating that the indicators represent the construct. In the same manner, Financial Performance indicate good and significant results FP2 (estimate = 1.729, $t = 8.246$, $p < 0.001$) and FP3 (estimate = 1.679, $t = 8.237$, $p <$

0.001), with FP1 being the fixed indicator of the baseline.

Under Decision Support System, DSS2 (estimate = 0.601, $t = 2.620$, $p = 0.014$) is significant but weaker than other constructs and DSS3 (estimate = 0.105, $t = 1.591$, $p = 0.138$) is non-significant. It is possible to assume that DSS3 might not be an appropriate representation of the construct and can be reviewed during the model refinement in the future.

Lastly, Sustainability also shows extremely high loadings on indicators. S2 (estimate = 1.019, $t = 22.101$, $p < 0.001$) and S3 (estimate = 0.954, $t = 21.440$, $p < 0.001$) are very significant and validate that these items are highly significant in reflecting the latent construct. In general, the parameter estimates of the measurement model are robust except that of DSS3, which weakens the construct Decision Support System.

Table 3
Reliability Analysis

Variable	Budgeting Practice	Costing Techniques	Decision Support System	Financial Performance	Sustainability
1. Budgeting Practice	1				
2. Costing Techniques	0.572	1			
3. Decision Support System	0.295	0.429	1		
4. Financial Performance	0.474	0.744	0.545	1	
5. Sustainability	0.532	0.711	0.479	0.739	1

Table 3 shows correlation of the five constructs. The findings demonstrate that associations between variables are marked with moderate and strong

positive correlations explained as significant. Budgeting Practice is associated moderately with

Costing Techniques ($r = 0.572$), Financial Performance ($r = 0.474$), and Sustainability ($r =$

0.532), which implies that effective budgeting tends to be associated with better costing techniques, performance, and sustainability results. Nevertheless, its correlation with Decision Support System, however, is reported as 1.295 which is more than the theoretical maximum of +1. This means that there is a potential data coding or scaling error that is to be reviewed.

The Costing Techniques records high correlations with Financial Performance ($r = 0.744$) and sustainability ($r = 0.711$), which entails that better costing techniques result in a very high contribution to organizational outcomes and sustainable performance. In a similar way, Decision Support System exhibits medium correlation with Costing Techniques ($r = 0.429$), Financial Performance ($r =$

0.545) and Sustainability ($r = 0.479$), but its low reliability in the previous table implies that it should be interpreted with caution. Lastly, there is significant correlation between the Financial Performance and Sustainability ($r = 0.739$), as indicated by the fact that the close relationships exist between having attained financial objectives and maintaining long term practices.

In general, the relationships support notable correlations between constructs and close correlations between Costing Techniques and Financial Performance as well as Sustainability but the high value that oddly characterizes the Budgeting Practice versus Decision Support System relationship suggests the possibility of a measurement defect.

Table 4
Discriminant Validity Matrix

Construct	Budgeting Practice	Costing Techniques	Decision Support System	Financial Performance	Sustainability
Budgeting Practice	1				
Costing Techniques	0.610	1			
Decision Support System	0.299	0.439	1		
Financial Performance	0.484	0.754	0.575	1	
Sustainability	0.582	0.771	0.499	0.769	1

Table 4 shows the discriminant validity table between the five constructs including Budgeting Practice, Costing Techniques, Decision Support System, Financial Performance and Sustainability. The outcomes imply that Costing Techniques and Sustainability have a strong correlation ($r = 0.771$) which implies that good costing practices are directly related to good results of sustainability. The same happens with Financial Performance which demonstrates high correlations with Costing Techniques ($r = 0.754$) and Sustainability ($r = 0.769$) indicating that good financial performance is supported by efficient cost and sustainable behaviour. There is moderate correlation between Budgeting Practice and Sustainability ($r = 0.582$) and Budgeting Practice and Financial Performance ($r = 0.484$). This

implies that Budgeting Practice has a moderate contribution in the institution of the organizations sustainability and financial performance. Conversely, Decision Support System records weaker correlations with other constructs such as Budgeting Practice ($r = 0.299$), and this is also an indication that there is little integration between decision-support mechanisms and budgeting activities.

Comprehensively, the findings indicate that Costing Techniques construct and Sustainability are most closely affiliated constructs both of them having strong impacts on Financial Performance. The two constructs of Budgeting Practice and Decision Support System are found to be comparatively less correlated, thus being potential opportunities within which organizations can work to improve overall performance and sustainability outcomes.

Table 5

Confirmatory Factor Analysis

Metric	Estimated Model	Null Model
Chi-square	1313.269	4163.582
Number of model parameters	37.800	15.750
Number of observations	422.100	n/a
Degrees of freedom	88.200	110.250
P value	0.000	0.000
ChiSqr/df	15.635	39.653
RMSEA	0.195	0.317
RMSEA LOW 90% CI	0.186	0.309
RMSEA HIGH 90% CI	0.205	0.327
GFI	0.788	n/a
AGFI	0.675	n/a
PGFI	0.551	n/a
SRMR	0.251	n/a
NFI	0.719	n/a
TLI	0.653	n/a

Table 5 shows the outcomes of the confirmatory factor analysis (CFA). The chi-square of the fitted model ($\chi^2 = 1313.269$, $df = 88.200$, $p < .001$) is significant and therefore, the model does not give a perfect fit. Chi-square is however, highly suspected of being extremely sensitive especially on large sample size ($N = 422.100$) and therefore other fit indices are deemed more useful in the evaluation. The value of the chi-square per df (15.635) is substantially greater than the recommended value of 3.0, so the overall fit is poor.

This is far worse than the moderately acceptable cut-off of 0.08, the value of RMSEA (0.195; 90% CI [0.186, 0.205]) is also too large to approve the model. Likewise, there is the SRMR (0.251), higher than 0.08, an indication that the model fails to capture

the data structure. The lack of goodness-of-fit of the model as measured by GFI (0.788), AGFI (0.675), and TLI (0.653) all lower than the required threshold of 0.90 points strongly that the model does not work best to explain the covariance structure.

However, such limitations do not negate the fact that the results are vital in perspective to the further development of the model as regards diagnosis. The repeatedly low values of the fit indices indicate that the measurement model might be inadequate, i.e., it might be necessary to delete weak items, to permit correlated error terms or to re-specify factor structures. Such changes may serve to increase the values of distances to acceptable fit indices of CFA.

Table 6

Regression Analysis Results

Dependent Variable	Independent Variables	Std. Estimate	t-value	p-value	R ²	Adj. R ²
Financial Performance	Budgeting Practice	0.485	7.853	0.000	0.485	0.481
	Costing Techniques	0.754	15.749	0.000		
	Decision Support System	0.575	2.495	0.013		
Sustainability	Budgeting Practice	0.582	3.146	0.002	0.419	0.414
	Costing Techniques	0.771	17.392	0.000		
	Decision Support System	0.499	1.515	0.131		

Table 6 shows the results of regression analysis conducted to determine the impacts of Budgeting Practice, Costing Techniques and Decision Support System on the Financial Performance and Sustainability. With reference to Financial Performance, we find that all three predictors are significant. Costing Techniques ($\beta = 0.754$, $t = 15.749$, $p < .001$) and Budgeting Practice ($\beta = 0.485$, $t = 7.853$, $p < .001$) reflect positively high values whereas the Decision Support System ($\beta = 0.575$, $t = 2.495$, $p = .013$) portrays a positive effect but in a relatively lower manner. Combined the identified predictors explain 48.5 percent of the variance ($R^2 = 0.485$, $Adj. R^2 = 0.481$) of Financial Performance criteria, which means that the explanatory model is sufficiently robust.

In the case of Sustainability, Budgeting Practice (the odds ratio equals 0.582, $t=3.146$, $p=.002$) and Costing Techniques (the odds ratio equals 0.771, $t=17.392$, $p<.001$) appear as predictive variables that can have a significant influence on the achievement of sustainable outcomes. Nevertheless, a lesser and non-significant relationship (beta = +0.499 and $T = +1.515$, $p = .131$) indicates that the Decision Support System has no direct impact on Sustainability. That is, the overall model has moderate explanatory power, 41.9 percent of the variance was accounted ($R^2 = 0.419$, $Adj. R^2 = 0.414$).

Conclusively, the results underscore how Costing Techniques have always had the most effect on both the Financial Performance and Sustainability, yet Budgeting Practice also has an impressive effect. Decision Support Systems have a positive contribution to Financial Performance though it is accompanied with no significant influence on Sustainability. This indicates that both performance and sustainability can simultaneously be achieved by

effective budgeting and costing methods but the decision support tools presented might need additional development or integration to provide significant sustainability advantages.

Discussion

According to the findings; it can be argued that application of management accounting techniques can be said to form part and an important factor to the SMEs as they are able to use and resuscitate its business performance. The status which the business holds to the industry is also maintained and it places them on the same level with their large counterparts. The costing system is found to have a strong and positive association with the financial performance that can enhance the performance of SMEs with relative ease (Asif, 2022; Asif et al., 2025).

The results are also attributed to one conducted by Gardi et al. (2021) which was based on the utilization of costing methods and budgeting methods to enhance its management performance with no obstruction. This is noted to have been instrumental in the performance of the SMEs because it is the type of business that will enable them to identify their product cost and the quantity of raw materials that the business is utilizing hence are in a position to give them a better insight about the business dynamics. It also coincides with the study conducted by Javed et al. (2022), where it concentrated on the Chinese SMEs and found that there is a significant benefit to them unless they adapt to the management accounting techniques and principles.

It was also found that moderate relationship and association existed between the variables in current research that suggested the presence of moderate level of association and influence of the management accounting techniques on the performance of SMEs.

Javed et al. (2022) noted that there were some obstacles in selling and implementing the mentioned techniques in the SMEs as well. This entails escalating manipulation accountancy techniques within the business and to utilize the same to their advantage. As per research conducted by Boakye et al. (2020); the research shows a deficiency in benefit through the application of management accounting procedures in the SMEs. Regarding the outcomes of the study on the UK perspective; the study found a positive and significant effect of management accounting on the performance of its SMEs and also provided that there is significant value creation in such SMEs respectively. Relying on the findings once again; it can be seen that we had a positive and a significant correlation between the constructs but the effect was moderate. None of the relationships showed strong relationships with that other. This could be attributed to the fact that the research used relatively small sample size of which the SMEs are not well represented to give a clearer picture towards the relationship. It is also argued to be a problem in Mangana et al. (2023) work in which the SMEs are struggling with failing to adhere to the existing practices of management accounting that are part of its business environment.

The context of the research was on Pakistani agricultural SMEs that lack the ability to implement management accounting methods as a result of ignorance and the absence of such methods in the company. This is regarded as a major setback and obstacle to the organisation intending to incorporate it in its business and enhance its performance. This is also prompted to have a more hope that it is in line with the business environment and to develop its competitiveness compared to its bigger counterparts. It was also revealed in the results that the elements of costing techniques are exhibiting a proportional association to the financial and sustainable performance. This is identified in the manufacturing sector and the SMEs have been found to be flexible to any fluctuation in the business environment by incorporating the principles of management accounting. Similar results are also noticed in the present study and they are not giving any significant difference to this problem issue as management accounting principles are found to enable effectiveness in repositioning the business performance. This is due to the methods applied by

the SMEs because it can advance their business performance and in addition, aids in enhancing its conduct with regardful convenience (Asif et al., 2019). This is a necessary initiative to the study because in absence of any management accounting; it cannot offer any value addition to its customers like value creation. This is hampered in the business by the lack of implementation of any of the management accounting technique like budgeting and costing. The same can be observed in the study by Jaradat et al. (2021) when the implications are evaluated with regards to the management accounting techniques and cannot present any valuable data that its business could use. Application of management accounting principles in the promotion of social and business causes is believed to be not only vital, but also plays an important role in enhancing its performance in business in addition to generating a better value offer to its customer base. This at times is inconsistent and unacceptable with the SMEs due to the nature of its industry. This is in agreement with Vilakazi et al. (2020) scholarly work where the SMEs in the textile sector were evaluated. Answers to the research questions had indicated that there is a significant need to inculcate and put into effect management accounting practices and techniques into the SMEs that are in course of operation within the emerging markets.

Conclusion

There were a number of limitations detected in the study that determined the research process and interpretation of the findings. The biggest limitation was the scarcity of the existing literature and empirical evidence existing in the field of studying the adoption and effects of management accounting practices in small and medium-sized enterprises (SMEs). This deficiency of the current research was a major problematic aspect because it limited the study to rely on the well-established theoretical framework or even compare and contrast cases. In addition, poor documentation of best practices and standardized measures in SMEs inhibited benchmarking of findings to existing knowledge on managerial accounting.

The other key limitation was the conspicuous lack of readily available information such as financial reports, internal documents and structured data sets of SMEs

which use superior methods of management accounting. A large number of SMEs did not keep detailed accounts or were not willing to share proprietary financial reporting data since it is confidential. Such a lack of transparency impeded the level of analysis that could be conducted, especially when it comes to long-term financial and sustainability consequences of such techniques.

Also, the study was limited in terms of operationalization since few individuals were engaged in data collection and processing. Considering the fact that the items used to collect primary data in this research were resource-intensive, especially surveys, interviews or financial audits; the study had relatively small sample size. This limited the applicability of the results of the study and could have presented biases since the responding SMEs may be not the complete reflection of the industry trends.

Such constraints were most notable at the stage of the analysis where statistical tests and qualitative evaluation created only a moderate correlation between the managerial accounting practices and the SME performance. There were some positive correlations, but due to the underdeveloped data, it did not allow making the associations as powerful. The discussion also pointed to such limitations, recognizing that it would have been possible to better understand boundaries that an even larger dataset, longitudinal data analysis, or cross-industry comparators might have been able to offer.

Regardless of these, weaknesses, the research calls out the necessity of future investigation to fill these gaps- especially in bigger scale surveys, case studies of successful SMEs, and partnerships with stakeholders in the industry to enhance data access. Further advancing the research in this field may provide a greater body of empirical support for managerial accounting among SMEs in addition to providing more concrete recommendations to practitioners."

Future Recommendations

The evidence of this paper contributes considerable impetus to both current scholarly and professional discussions touching on the extent to which management accounting practices could improve the financial performances as well as the long term survivability of the SMEs. The findings, which are confined to empirical evidence and its further

interpretation, prove the evident and quantifiable effect of these methods on operational efficiency, cost management, and strategic choosing in SMEs. Interestingly, the article provides valuable insights on how structured accounting operations; activity-based costing, variance analysis and capital budgeting processes can generate profits and, at the same time, help to perform sustainable business.

The richness of information developed in the course of such study points to the changeability of management accounting once applied methodically to SME cases. As an example, based on the study, evidence indicates that SMEs that use formalized cost-control and budgeting practices demonstrate greater financial robustness and are in a better position to invest in sustainable projects, e.g., energy-efficient process of waste reduction programs. The results are not only supporting the current theories, but the findings give pragmatic directions to small and medium business owners and financial managers who are aiming to maximize performance.

In the future, there are other essential areas that this study considers in research. And in particular, more detailed examinations of specific management accounting methods- target costing, zero-based budgeting, or environmental management accounting - should consider whether they have independent effectiveness in the various sectors of the SME community. Also, cross-industry or geographic comparative research studies might provide additional insight into situational factors that might affect the effectiveness of such practices. The implications provided in the present research provide a reference point of such research with substantiated empirical evidence of the need of integrating management accounting into the wider financial and sustainability approach.

Finally, the research will re-enforce the belief that management accounting is not only a compliance but strategic tool to SMEs. Learning and adopting these techniques, SMEs will be able to reach a twofold goal enhancing both financial standing and sustainable, resilient framework of operations. It is recommended that future studies are to be based on these findings to put in place specific best practices whereby the SMEs of all levels and industries will be able to exploit the benefits of management accounting towards their long-term success.

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